UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2024

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from ___________ to ____________.

Commission file number 001-38801

AerSale Corporation
(Exact name of registrant as specified in its charter)

Delaware	**84-3976002**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
255 Alhambra Circle, Suite 435	
Coral Gables, FL	**33134**
(Address of Principal Executive Offices)	(Zip Code)

(305) 764-3200
Registrant's telephone number, including area code

N/A

(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, $0.0001 par value per share	ASLE	The Nasdaq Capital Market

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☒
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☒

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The number of shares of Registrant's common stock outstanding as of May 6, 2024 was 53,009,026.

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FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q (this “Quarterly Report”) contains forward-looking statements. We intend such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). All statements other than statements of historical facts contained in this Quarterly Report may constitute forward-looking statements, and include, but are not limited to, changes in the market for our services; changes in applicable laws or regulations; the ability to launch new services and products or to profitably expand into new markets; and expectations of other economic, business and/or competitive factors. These statements involve known and unknown risks, uncertainties and other important factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements.

In some cases, you can identify forward-looking statements by terms such as “may,” “will,” “should,” “expect,” “plan,” “anticipate,” “could,” “intend,” “target,” “project,” “contemplate,” “believe,” “estimate,” “predict,” “potential”, or “continue” or the negative of these terms or other similar expressions. The forward-looking statements in this Quarterly Report are only predictions. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our business, financial condition and results of operations. These forward-looking statements speak only as of the date of this Quarterly Report and are subject to a number of important factors that could cause actual results to differ materially from those in the forward-looking statements, including the factors described under the section titled “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2023, filed with the Securities and Exchange Commission (“SEC”) on March 8, 2024.

Moreover, we operate in an evolving environment. New risk factors and uncertainties may emerge from time to time, and it is not possible for management to predict all risk factors and uncertainties.

You should read this Quarterly Report and the documents that we reference in this Quarterly Report completely and with the understanding that our actual future results may be materially different from what we expect. We qualify all of our forward-looking statements by these cautionary statements. Except as required by applicable law, we do not plan to publicly update or revise any forward-looking statements contained herein, whether as a result of any new information, future events, changed circumstances or otherwise.

Unless otherwise stated or the context otherwise requires, references in this Quarterly Report to the “Company,” “AerSale,” “we,” “us,” “our” and similar terms refer to AerSale Corporation (f/k/a Monocle Holdings, Inc.) and its consolidated subsidiaries.

PART I – FINANCIAL INFORMATION

ITEM 1 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

AERSALE CORPORATION AND SUBSIDIARIES
Condensed Consolidated Balance Sheets
(in thousands, except share data and par value)

	March 31, 2024 (Unaudited)	December 31, 2023
Current assets:		
Cash and cash equivalents	$ 2,637	$ 5,873
Accounts receivable, net of allowance for credit losses of $ 978 as of March 31, 2024 and December 31, 2023	30,057	31,239
Income tax receivable	1,628	1,628
Inventory:		
Aircraft, airframes, engines, and parts, net	203,652	177,770
Advance vendor payments	37,560	35,757
Deposits, prepaid expenses, and other current assets	12,840	12,507
Total current assets	288,374	264,774
Fixed assets:		
Aircraft and engines held for lease, net	23,262	26,475
Property and equipment, net	30,387	27,692
Inventory:		
Aircraft, airframes, engines, and parts, net	147,193	151,398
Operating lease right-of-use assets	26,307	27,519
Deferred income taxes	12,906	12,203
Deferred financing costs, net	1,424	1,506
Deferred customer incentives and other assets, net	525	525
Goodwill	19,860	19,860
Other intangible assets, net	21,456	21,986
Total assets	$ 571,694	$ 553,938
Current liabilities:		
Accounts payable	$ 26,278	$ 29,899
Accrued expenses	5,720	5,478
Lessee and customer purchase deposits	805	1,467
Current operating lease liabilities	4,401	4,593
Current portion of long-term debt	1,033	1,278
Deferred revenue	2,009	2,998
Total current liabilities	40,246	45,713
Revolving credit facility	51,969	29,000
Long-term debt	3,527	7,281
Long-term lease deposits	102	102
Long-term operating lease liabilities	23,398	24,377
Maintenance deposit payments and other liabilities	62	64
Warrant liability	407	2,386
Total liabilities	119,711	108,923
Stockholders’ equity:		
Common stock, $0.0001 par value. Authorized 200,000,000 shares; issued and outstanding 53,009,026 and 52,954,430 shares as of March 31, 2024 and December 31, 2023	5	5
Additional paid-in capital	312,430	311,739
Retained earnings	139,548	133,271
Total stockholders' equity	451,983	445,015
Total liabilities and stockholders’ equity	$ 571,694	$ 553,938

See accompanying notes to condensed consolidated financial statements.

AERSALE CORPORATION AND SUBSIDIARIES

Condensed Consolidated Statements of Operations
(in thousands, except per share data)
(Unaudited)

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Revenue:		
Products	$ 61,610	$ 45,495
Leasing	3,082	5,622
Services	25,848	27,154
Total revenue	90,540	78,271
Cost of sales and operating expenses:		
Cost of products	39,619	31,548
Cost of leasing	1,193	1,123
Cost of services	20,932	21,209
Total cost of sales	61,744	53,880
Gross profit	28,796	24,391
Selling, general, and administrative expenses	24,133	25,224
Income (loss) from operations	4,663	(833)
Other income (expenses):		
Interest (expense) income, net	(935)	1,047
Other income, net	169	233
Change in fair value of warrant liability	1,979	(334)
Total other income	1,213	946
Income before income tax provision	5,876	113
Income tax benefit (expense)	401	(108)
Net income	$ 6,277	$ 5
Earnings per share:		
Basic	$ 0.12	$ -
Diluted	$ 0.12	$ -
Weighted average shares outstanding:		
Basic	52,991,506	51,206,226
Diluted	53,247,979	52,958,555

See accompanying notes to condensed consolidated financial statements.

AERSALE CORPORATION AND SUBSIDIARIES

Condensed Consolidated Statements of Stockholders' Equity
For the three months ended March 31, 2024 and 2023
(in thousands, except share data)
(Unaudited)

	Common stock		Additional	Retained	Total stockholders'
	Amount	Shares	paid-in capital	earnings	equity
Balance at December 31, 2023	$ 5	52,954,430	$ 311,739	$ 133,271	$ 445,015
Share-based compensation	-	-	799	-	799
Shares issued under the 2020 Equity Incentive Plan	-	54,596	-	-	-
Shares surrendered for tax withholdings on equity awards	-	-	(108)	-	(108)
Net income	-	-	-	6,277	6,277
Balance at March 31, 2024	$ 5	53,009,026	$ 312,430	$ 139,548	$ 451,983

	Common stock		Additional	Retained	Total stockholders'
	Amount	Shares	paid-in capital	earnings	equity
Balance at December 31, 2022	$ 5	51,189,461	$ 306,141	$ 138,834	$ 444,980
Share-based compensation	-	-	2,731	-	2,731
Shares issued under the 2020 Equity Incentive Plan	-	31,925	-	-	-
Shares surrendered for tax withholdings on equity awards	-	-	(70)	-	(70)
Net income	-	-	-	5	5
Balance at March 31, 2023	$ 5	51,221,386	$ 308,802	$ 138,839	$ 447,646

See accompanying notes to condensed consolidated financial statements.

AERSALE CORPORATION AND SUBSIDIARIES

Condensed Consolidated Statements of Cash Flows
(in thousands)
(Unaudited)

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Cash flows from operating activities:		
Net income	$ 6,277	$ 5
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation and amortization	2,779	2,469
Amortization of debt issuance costs	82	39
Amortization of operating lease assets	40	101
Inventory reserve	504	773
Deferred income taxes	(703)	72
Change in fair value of warrant liability	(1,979)	334
Share-based compensation	799	2,731
Changes in operating assets and liabilities:		
Accounts receivable	1,182	(7,996)
Inventory	(23,961)	(48,983)
Deposits, prepaid expenses, and other current assets	(332)	(2,966)
Deferred customer incentives and other assets	-	68
Advance vendor payments	(1,803)	(12,476)
Accounts payable	(3,619)	14,018
Accrued expenses	914	(3,396)
Deferred revenue	(989)	1,343
Lessee and customer purchase deposits	(662)	(7,985)
Other liabilities	(2)	(593)
Net cash used in operating activities	(21,473)	(62,442)
Cash flows from investing activities:		
Proceeds from sale of assets	3,800	4,500
Purchase of property and equipment	(3,574)	(1,481)
Net cash provided by investing activities	226	3,019
Cash flows from financing activities:		
Repayments of long-term debt	(4,000)	-
Proceeds from revolving credit facility	61,600	-
Repayments of revolving credit facility	(39,481)	-
Taxes paid related to net share settlement of equity awards	(108)	(70)
Net cash provided by (used in) financing activities	18,011	(70)
Decrease in cash and cash equivalents	(3,236)	(59,493)
Cash and cash equivalents, beginning of period	5,873	147,188
Cash and cash equivalents, end of period	$ 2,637	$ 87,695
Supplemental disclosure of cash activities		
Income tax payments, net	3	(100)
Interest paid	925	141
Supplemental disclosure of noncash investing activities		
Reclassification of aircraft and aircraft engines inventory to (from) aircraft and engine held for lease, net	(2,020)	3,573

See accompanying notes to condensed consolidated financial statements.

AERSALE CORPORATION AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
MARCH 31, 2024

NOTE A — DESCRIPTION OF THE BUSINESS

Organization

Monocle Acquisition Corporation ("Monocle") was initially formed on August 20, 2018 for the purpose of effecting a merger, share exchange, asset acquisition, stock purchase, recapitalization, reorganization or similar business combination with one or more businesses.

On December 22, 2020, Monocle consummated the previously announced business combination pursuant to that certain Amended and Restated Agreement and Plan of Merger, dated September 8, 2020 (the "Merger Agreement") by and among Monocle, AerSale Corporation (f/k/a Monocle Holdings Inc.), a Delaware corporation (the "Company"), AerSale Aviation, Inc. (f/k/a AerSale Corp.), a Delaware corporation ("AerSale Aviation"), Monocle Merger Sub 1 Inc., a Delaware corporation ("Merger Sub 1"), Monocle Merger Sub 2 LLC, a Delaware limited liability company ("Merger Sub 2"), and Leonard Green & Partners, L.P., a Delaware limited partnership, solely in its capacity as the initial Holder Representative (as defined in the Merger Agreement). The transactions contemplated by the Merger Agreement are referred to herein as the "Merger" or the "Business Combination" and in connection therewith, Monocle merged with and into us, whereby we survived the merger and became the successor issuer to Monocle by operation of Rule 12g-3 under the Securities Exchange Act, as amended.

Upon the consummation of the Merger: (a) Merger Sub 1 was merged with and into Monocle, with Monocle surviving the merger as a wholly-owned direct subsidiary of the Company (the "First Merger"), and (b) Merger Sub 2 was merged with and into AerSale Aviation, with AerSale Aviation surviving the merger as a wholly-owned indirect subsidiary of the Company (the "Second Merger"). In connection with the closing of the Business Combination (the "Closing"), AerSale Aviation changed its name from "AerSale Corp." to "AerSale Aviation, Inc." and the Company changed its name from "Monocle Holdings Inc." to "AerSale Corporation." Immediately following the Merger, the Company contributed all of its ownership in Monocle to AerSale Aviation which continued as a wholly owned subsidiary of the Company.

The Company's corporate headquarters are based in Miami, Florida, with additional offices, hangars, and warehouses located globally.

NOTE B — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Interim Financial Statements

The accompanying unaudited interim consolidated financial statements have been prepared from the books and records of the Company in accordance with Generally Accepted Accounting Principles in the United States ("U.S. GAAP") for interim financial information and Rule 10-01 of Regulation S-X promulgated by the U.S. Securities and Exchange Commission ("SEC"), which permits reduced disclosures for interim periods. Although these interim consolidated financial statements do not include all of the information and footnotes required for complete annual consolidated financial statements, management believes all adjustments, consisting only of normal recurring adjustments, and disclosures necessary for a fair presentation of the accompanying condensed consolidated balance sheets, statements of operations, stockholders' equity, and cash flows have been made. Unaudited interim results of operations and cash flows are not necessarily indicative of the results that may be expected for the full year. Unaudited interim condensed consolidated financial statements and footnotes should be read in conjunction with the audited consolidated financial statements and footnotes included in Part II, Item 8 of the Company's Annual Report on Form 10-K for the year ended December 31, 2023 (the "2023 Form 10-K"), wherein a more complete discussion of significant accounting policies and certain other information can be found.

Revenue Recognition

Products Revenue — Used Serviceable Material ("USM") Sales

Revenues from sales of USM are measured based on consideration specified in a contract with a customer, and excludes any sales commissions and taxes collected and remitted to government agencies. We recognize revenue when we satisfy a performance obligation by transferring control over a product or service to a customer. The parts are sold at a fixed price with no right of return. In determining the performance obligation, management has identified the promise in the contract to be the shipment of the spare parts to the customer. Title passes to the buyer when the goods are shipped, and the buyer is responsible for any loss in transit, and the Company has a legal right to payment for the spare parts once shipped. We generally sell our USM products under standard 30-day payment terms, subject to certain exceptions. Customers neither have the right to return products nor do they have the right to extended financing. The Company has determined that physical acceptance of the spare parts to be a formality in accordance with Accounting Standards Codification ("ASC") 606 – Revenue from Contracts with Customers ("ASC 606").

Spare parts revenue is based on a set price for a set number of parts as defined in the purchase order. The performance obligation is completed once the parts have shipped and as a result, all of the transaction price is allocated to that performance obligation. The Company has determined that it is appropriate to recognize spare parts sales at a point in time (i.e., the date the parts are shipped) in accordance with ASC 606.

Products Revenue — Whole Asset Sales

Revenues from whole asset sales are measured based on consideration specified in the contract with the customer. The Company and customer enter into an agreement which outlines the place and date of sale, purchase price, condition of the whole asset, bill of sale and the assignment of rights and warranties from the Company to the customer. The Company has identified the transfer of the whole asset as the performance obligation. The transaction price is set at a fixed dollar amount per fixed quantity (number of whole assets) and is explicitly stated in each contract. Whole asset sales revenue is based on a set price for a set number of assets, which is allocated to the performance obligation discussed above, in its entirety. The Company has determined the date of transfer to the customer is the date the customer obtains control over the asset and would cause the revenue recognition. Payment is required in full upon customers' acceptance of the whole asset on the date of the transfer, unless the Company extends credit terms to customers it deems creditworthy.

Leasing Revenue

The Company leases aircraft and engines ("Flight Equipment") under operating leases that contain monthly base rent and reports rental income straight line over the life of the lease as it is earned. Additionally, the Company's leases provide for supplemental rent, which is calculated based on actual hours or cycles of utilization and, for certain components, based on the amount of time until maintenance of that component is required. In certain leases, the Company records supplemental rent paid by the lessees as maintenance deposit payments and other liabilities in recognition of the Company's contractual commitment to reimburse qualifying maintenance. Reimbursements to the lessees upon receipt of evidence of qualifying maintenance work are charged against the existing maintenance deposit payment liabilities. In leases where the Company is responsible for performing certain repairs or replacement of aircraft components or engines, supplemental rent is recorded as revenue in the period earned. In the event of premature lease termination or lessee default on the lease terms, revenue recognition will be discontinued when outstanding balances are beyond the customers' deposits held. Flight Equipment leases are billed in accordance with the lease agreement and invoices are due upon receipt.

Service Revenue

Service revenues are recognized as performance obligations are fulfilled and the benefits are transferred to the customer. At contract inception, we evaluate if the contract should be accounted for as a single performance obligation or if the contract contains multiple performance obligations. In some cases, our service contract with the customer is considered one performance obligation as it includes factors such as the good or service being provided is significantly integrated with other promises in the contract, the service provided significantly modifies or customizes the other good or service or the goods or services are highly interdependent or interrelated with each other. If the contract has more than one performance obligation, the Company determines the standalone price of each distinct good or service underlying each performance obligation and allocates the transaction price based on their relative standalone selling prices. The transaction price of a contract, which can include both fixed and variable amounts, is allocated to each performance obligation identified. Some contracts contain variable consideration, which could include incremental fees or penalty provisions related to performance. Variable consideration that can be reasonably estimated based on current assumptions and historical information is included in the transaction price at the inception of the contract but limited to the amount that is probable that a significant reversal in the amount of cumulative revenue recognized will not occur.

For most service contracts, our performance obligations are satisfied over time as work progresses or at a point in time based on transfer of control of products and services to our customers. We receive payments from our customers based on billing schedules or other terms as written in our contracts.

For our performance obligations that are satisfied over time, we measure progress in a manner that depicts the performance of transferring control to the customer. As such, we utilize the input method of cost-to-cost to recognize revenue over time as this depicts when control of the promised goods or services are transferred to the customer. Revenue is recognized based on the relationship of actual costs incurred to date to the estimated total cost at completion of the performance obligation. We are required to make certain judgments and estimates, including estimated revenue and costs, as well as inflation and the overall profitability of the arrangement. Key assumptions involved include future labor costs and efficiencies, overhead costs and ultimate timing of product delivery. Differences may occur between the judgments and estimates made by management and actual program results. Under most of our maintenance, repair and overhaul ("MRO") contracts, if the contract is terminated for convenience, we are entitled to payment for items delivered, fair compensation for work performed, the costs of settling and paying other claims, and a reasonable profit on the costs incurred or committed.

Changes in estimates and assumptions related to our arrangements accounted for using the input method based on labor hours are recorded using the cumulative catchup method of accounting. These changes are primarily adjustments to the estimated profitability for our long-term programs where we provide MRO services.

We have elected to use certain practical expedients permitted under ASC 606. Shipping and handling fees and costs incurred associated with outbound freight after control over a product has transferred to a customer are accounted for as a fulfillment cost and are included in cost of sales in our condensed consolidated statements of operations and are not considered a performance obligation to our customers. Our reported revenue on our condensed consolidated statements of operations is net of any sales or related non-income taxes.

Revision of Prior Period Financial Statements

Certain balances in the condensed consolidated financial statements as of December 31, 2023, and for the three months ended March 31, 2023, have been reclassified to conform to the presentation in the condensed consolidated financial statements for the three months ended March 31, 2024, primarily the reclassification of amounts related to deposits for Flight Equipment purchases from the deposits, prepaid expenses, and other current assets to advance vendor payments. Such reclassification did not impact net income, stockholder's equity or total operating cash, and did not have a material impact on the consolidated financial statements.

New Accounting Pronouncements Adopted

In December 2023, the FASB issued ASU 2023-09, Income Taxes ("Topic 740"): Improvements to Income Tax Disclosures, which would require additional transparency for income tax disclosures, including the income tax rate reconciliation table and cash taxes paid both in the United States and foreign jurisdictions. This standard is effective for annual periods beginning after December 15, 2024. We are currently assessing the impact this standard will have on our disclosures.

There have been no other accounting pronouncements issued but not yet adopted by us which are expected to have a material impact on our consolidated financial statements.

NOTE C — REVENUE

The timing of revenue recognition, customer billings, and cash collections results in a contract asset or contract liability at the end of each reporting period. Contract assets consist of unbilled receivables or costs incurred where revenue recognized over time exceeds the amounts billed to customers. We record a receivable when revenue is recognized prior to invoicing and we have an unconditional right to consideration (only the passage of time is required before payment of that consideration is due) and a contract asset when the right to payment is conditional upon our future performance. Contract liabilities include advance payments and billings in excess of revenue recognized. Certain customers make advance payments prior to our satisfaction of our performance obligations on the contract. These amounts are recorded as contract liabilities until such performance obligations are satisfied. Contract assets and contract liabilities are determined on a contract by contract basis.

Contract assets are as follows (in thousands):

	March 31, 2024	December 31, 2023	Change
Contract assets	$ 6,134	$ 6,474	$ (340)

Contract assets are reported within deposits, prepaid expenses, and other current assets on our condensed consolidated balance sheets. Changes in contract assets primarily results from the timing difference between the performance of services. Contract liabilities are reported as deferred revenue on our condensed consolidated balance sheets and amounted to $3.0 million as of December 31, 2023, of which $2.7 million was related to contract liabilities for services to be performed. For the three months ended March 31, 2024, the Company recognized as revenue $2.3 million of contract liabilities included in the beginning balance for services performed as the timing between customer payments and our performance of the services is generally no longer than six months.

Disaggregation of Revenue

The Company reports revenue by segment. The following tables present revenue by segment, as well as a reconciliation to total revenue for the three months ended March 31, 2024 and 2023 (in thousands):

	Three Months Ended March 31, 2024		
	Asset Management Solutions	TechOps	Total Revenues
USM	$ 17,532	$ 5,375	$ 22,907
Whole asset sales	38,648	-	38,648
Engineered solutions	-	55	55
Total products	56,180	5,430	61,610
Leasing	3,082	-	3,082
Services	-	25,848	25,848
Total revenues	$ 59,262	$ 31,278	$ 90,540

	Three Months Ended March 31, 2023		
	Asset Management Solutions	TechOps	Total Revenues
USM	$ 15,152	$ 2,416	$ 17,568
Whole asset sales	27,656	-	27,656
Engineered solutions	-	271	271
Total products	42,808	2,687	45,495
Leasing	5,622	-	5,622
Services	-	27,154	27,154
Total revenues	$ 48,430	$ 29,841	$ 78,271

NOTE D — INVENTORY

Following are the major classes of inventory as of the below dates (in thousands):

	March 31, 2024	December 31, 2023
USM	$ 112,116	$ 120,053
Work-in-process	28,974	22,270
Whole assets	209,755	186,845
	$ 350,845	329,168
Less short term	(203,652)	(177,770)
Long term	$ 147,193	$ 151,398

The Company recorded inventory scrap loss reserves of $0.5 million for the three months ended March 31, 2024 and 2023. Additions to inventory reserves are included in cost of products in the accompanying condensed consolidated statements of operations.

Our allocation of inventory between short term and long term reflects the inventory's operating cycle, which is longer than one year due to teardown and repair lead times. Inventory expected to be monetized within 18 months as well as work-in-process are reported under current assets.

In April 2024, there was a fire which damaged one of the USM long-term storage warehouses in our Roswell facility. We are still assessing the impact to our condensed consolidated financial statements; however, the loss associated with our inventory and property and equipment is not expected be material and is covered by our insurance policy. Furthermore, we do not expect a significant disruption to our revenue generating operations as a result of this event.

NOTE E — INTANGIBLE ASSETS

In accordance with ASC 350, Intangibles — Goodwill and Other (“ASC 350”), goodwill and other intangible assets deemed to have indefinite lives are not amortized, but are subject to annual impairment tests. The Company reviews and evaluates our goodwill and indefinite life intangible assets for potential impairment at a minimum annually or more frequently if circumstances indicate that impairment is possible.

The Company determined the fair value of assets acquired and liabilities assumed using a variety of methods. An income approach based on discounted cash flows was used to determine the values of our trademarks, certifications, customer relationships and Federal Aviation Administration (“FAA”) certificates. The assumptions the Company used to estimate the fair value of our reporting units are based on historical performance, as well as forecasts used in our current business plan and require considerable management judgment.

The Company’s goodwill and intangible assets as defined by ASC 350 is related to our subsidiaries, AerSale Component Solutions (d/b/a AerSale Landing Gear Solutions) (“ALGS”), Avborne Component Solutions (d/b/a AerSale Component Solutions) (“ACS”), and Aircraft Composite Technologies (“ACT”), which are included in the TechOps segment, as well as Qwest Air Parts (“Qwest”), which is included under the Asset Management Solutions segment.

Goodwill and other intangibles as of the below dates are (in thousands):

	March 31, 2024	December 31, 2023
Qwest:		
FAA Certifications	$ 724	$ 724
Goodwill	13,416	13,416
ALGS:		
FAA Certifications	710	710
Goodwill	379	379
ACS:		
Trademarks	600	600
FAA Certifications	7,300	7,300
Goodwill	63	63
ACT:		
Trademarks	200	200
FAA Certificates	796	796
Goodwill	6,002	6,002
Total intangible assets with indefinite lives	$ 30,190	$ 30,190

Intangible assets with definite useful lives are amortized on a straight-line basis over their estimated useful lives. Intangible assets with definite lives as of the below dates are as follows (in thousands):

	Useful Life In Years	March 31, 2024	December 31, 2023
Qwest:			
Customer relationships	10	$ 4,920	$ 5,163
ALGS:			
Customer relationships	10	25	30
ACS:			
Customer relationships	10	980	1,033
ACT:			
Customer relationships	10	5,201	5,430
Total intangible assets with definite lives		$ 11,126	$ 11,656

Total amortization expense amounted to $0.5 million for the three months ended March 31, 2024 and 2023. Accumulated amortization amounted to $9.9 million and $9.3 million as of March 31, 2024 and December 31, 2023, respectively.

In the first quarter of 2024, the Company identified a triggering event indicating the fair value of one or more of the Company's reporting units more likely than not did not exceed their carrying values. The triggering event was due to the significant decline in the market price of the Company's common stock during the quarter. As a result, the Company performed an interim quantitative goodwill impairment test for the Asset Management and ACT reporting units as of March 31, 2024, and determined that the fair values exceeded the carrying values for each reporting unit. As such, the interim quantitative test did not result in a goodwill impairment for the Company's reporting units. In addition, the Company performed a qualitative assessment of long-lived assets and concluded it is not more likely than not that long-lived assets are impaired.

The fair value determination of the Company's reporting units and goodwill is judgmental in nature and requires the use of estimates and assumptions that are sensitive to changes. While the Company believes it has made reasonable estimates and assumptions to calculate the fair values of the reporting units, it is possible a material change could occur. As a result, there can be no assurance that the estimates and assumptions made for purposes of the quantitative goodwill and indefinite-lived intangible impairment tests will prove to be an accurate prediction of future results.

NOTE F — PROPERTY AND EQUIPMENT, NET

Property and equipment, net, as of the below dates consisted of the following (in thousands):

	Useful Life In Years	March 31, 2024	December 31, 2023
Tooling and equipment	7 - 15	$ 16,221	$ 16,024
Furniture and other equipment	5	11,942	12,076
Computer software	5	2,538	2,374
Leasehold improvements	3 - 10	18,819	16,269
Equipment under capital lease	5	192	192
Flight equipment held for R&D	2	7,994	7,784
		57,706	54,719
Less accumulated depreciation		(27,319)	(27,027)
		$ 30,387	$ 27,692

Depreciation expense, which includes amortization of equipment under capital lease, amounted to $1.1 million and $0.9 million for the three months ended March 31, 2024 and 2023, respectively.

NOTE G — LEASE RENTAL REVENUES AND AIRCRAFT AND ENGINES HELD FOR LEASE

Aircraft and engines held for operating leases, net, as of the below dates consisted of the following (in thousands):

	March 31, 2024	December 31, 2023
Aircraft and engines held for lease	$ 52,055	$ 58,136
Less accumulated depreciation	(28,793)	(31,661)
	$ 23,262	$ 26,475

Total depreciation expense amounted to $1.2 million and $1.1 million for the three months ended March 31, 2024 and 2023, respectively, and is included in cost of leasing in the condensed consolidated statements of operations.

Supplemental rents recognized as revenue totaled $1.5 million and $3.1 million for the three months ended March 31, 2024 and 2023, respectively.

The Company’s current operating lease agreements for leased Flight Equipment expire over the nextthree years. The amounts in the following table are based upon the assumption that Flight Equipment under operating leases will remain leased for the length of time specified by the respective lease agreements. Minimum future annual lease rentals contracted to be received under existing operating leases of Flight Equipment were as follows (in thousands):

Year ending December 31:	
Remaining nine months of 2024	$ 5,363
2025	903
2026	599
2027	549
Total minimum lease payments	$ 7,414

NOTE H — ACCRUED EXPENSES

The following is a summary of the components of accrued expenses as of the below dates (in thousands):

	March 31, 2024	December 31, 2023
Accrued compensation and related benefits	$ 2,469	$ 2,241
Accrued legal fees	553	854
Commission fee accrual	696	260
Accrued federal, state and local taxes and fees	152	105
Other	1,850	2,018
	$ 5,720	$ 5,478

NOTE I – WARRANT LIABILITY

Warrants to purchase a total of 623,834 shares of the Company’s common stock were outstanding as of March 31, 2024 and December 31, 2023. 750,000 warrants were issued to founders in a private placement (the “Private Warrants”). Each of the Private Warrants entitles the registered holder to purchase one share of the Company’s common stock at a price of $11.50 per share, subject to adjustment. The outstanding Private Warrants will expire at 5:00 p.m., New York City time, on December 22, 2025, or earlier upon redemption or liquidation.

The Private Warrants include provisions that affect the settlement amount. Such variables are outside of those used to determine the fair value of a fixed-for-fixed instrument, and as such, the Private Warrants do not meet the criteria for equity treatment under guidance contained in ASC Topic 815, “Accounting for Derivative Financial Instruments Indexed to, and Potentially Settled in a Company’s Own Stock.” The Company classifies the Private Warrants as a liability at their fair value subject to re-measurement at each balance sheet date and adjusted at each reporting period until exercised or expired, and any change in fair value is recognized in the Company's condensed consolidated statements of operations. The fair value of the Private Warrants is determined using the Black-Scholes option pricing model. The following table represents the assumptions used in determining the fair value of the Private Warrants as of March 31, 2024 and December 31, 2023:

	March 31, 2024	December 31, 2023
Risk-free interest rate	4.21%	3.84%
Expected volatility of common stock	41.98%	41.66%
Expected option term in years	1.7	2.0

The significant assumptions utilized in the Black-Scholes calculation consist of interest rate for U.S. Treasury Bonds, as published by the U.S. Federal Reserve, and expected volatility estimated using historical daily volatility of guideline public companies.

The warrant liability adjustment recognized in the Company's condensed consolidated statements of operations related to the change in fair value of warrant liability was $2.0 million income and $0.3 million expense during the three months ended March 31, 2024 and 2023, respectively.

NOTE J – FINANCING ARRANGEMENTS

Outstanding debt obligations as of March 31, 2024 and December 31, 2023 consisted of the following (in thousands):

	March 31, 2024	December 31, 2023
$180.0 million Wells Fargo Senior Secured Revolving Credit Agreement	$ 51,969	$ 29,000
$10.0 million Synovus Property and Equipment Revolving Term Loan	4,560	8,559
Total	56,529	37,559
Less current portion	(1,033)	(1,278)
Total long-term portion	$ 55,496	$ 36,281

At March 31, 2024 and December 31, 2023, total deferred financing costs were $1.4 and $1.5 million, respectively. Amortized debt issuance costs are recorded in interest expense through maturity of the related debt using the straight-line method, which approximates the effective interest method. Amortization expense amounted to $0.1 million for the three months ended March 31, 2024 and 2023, respectively.

$180.0 million Wells Fargo Senior Secured Revolving Credit Agreement

On July 20, 2018, the Company and other subsidiary borrowers' signatory thereto entered into a secured amended and restated revolving credit agreement (as amended, the "Revolving Credit Agreement"), which provides for a $150.0 million aggregate amount of revolver commitments subject to borrowing base limitations. Effective July 25, 2023, the Company amended the Revolving Credit Agreement to increase the maximum commitments thereunder to $180.0 million aggregate amount, expandable to $200.0 million, subject to borrowing base limitations, and to extend the maturity date to July 24, 2028.

The interest rate applicable to loans outstanding on the Revolving Credit Agreement is a floating rate of interest per annum of Secured Overnight Financing Rate ("SOFR") plus a margin of 2.75%. The interest rate as of March 31, 2024 was 8.67%. Interest expense on the Revolving Credit Agreement was $0.6 million for the three months ended March 31, 2024.

The Company's ability to borrow on the Revolving Credit Agreement is subject to ongoing compliance by the Company and the borrowers with various customary affirmative and negative covenants. The Revolving Credit Agreement requires the Company and borrowers to meet certain financial and nonfinancial covenants. The Company was in compliance with these covenants as of March 31, 2024 and December 31, 2023.

$10.0 million Synovus Property and Equipment Revolving Term Loan

On June 30, 2023, the Company entered into a Property and Equipment Revolving Term Loan (the "Equipment Loan") with a total advance commitment of $10.0 million for the purpose of financing capital expenditures on property and equipment. Once the total advance commitment is reached or commencing on June 30, 2024, whichever comes first, this facility will become a term loan with a maturity date of June 30, 2027. This loan is collateralized by the property and equipment it finances and requires interest only payment until converted to a term loan, at which point, principal and interest payments will be required.

The Equipment Loan bears interest at a rate per annum equal to one-month SOFR plus 3.50%, which will be adjusted monthly. The effective rate on this facility as of March 31, 2024 was 8.83%. Interest expense on the Equipment Loan was $0.1 million for the three months ended March 31, 2024. The schedule of payments on the Equipment Loan as of March 31, 2024 is as follows (in thousands):

Year ending December 31:		
2024	$	681
2025		1,453
2026		1,582
2027		844
Total payments	$	4,560

Subsequent to March 31, 2024, the outstanding balance on the Equipment Loan was paid off.

The Equipment Loan is subject to ongoing compliance by the Company in the form of various customary affirmative and negative covenants, as well as certain financial covenants. The Company was in compliance with these covenants as of March 31, 2024.

NOTE K — EARNINGS PER SHARE

The computation of basic and diluted earnings per share ("EPS") is based on the weighted average number of common shares outstanding during each period.

The following table provides a reconciliation of the computation for basic and diluted earnings per share for the three months ended March 31, 2024 and 2023, respectively (in thousands, except share and per share data):

	Three Months Ended March 31,	
	2024	**2023**
Net income	$ 6,277	$ 5
Weighted-average number of shares outstanding - basic	52,991,506	51,206,226
Additional shares from assumed stock-settled restricted stock units	247,438	1,745,293
Additional shares issued under the employee stock purchase plan	9,035	7,036
Weighted-average number of shares outstanding - diluted	53,247,979	52,958,555
Earnings per share – basic:	$ 0.12	$ -
Earnings per share – diluted:	$ 0.12	$ -
Anti-dilutive shares/units excluded from earnings per share - diluted:		
Additional shares from assumed exercise of private warrants	-	220,428

NOTE L — BUSINESS SEGMENTS

Consistent with how our chief operating decision maker (Chairman and Chief Executive Officer) evaluates performance and utilizes gross profit as a profitability measure, the Company reports its activities in two business segments:

- Asset Management Solutions — comprised of activities to extract value from strategic asset acquisitions through leasing, trading, or disassembling for product sales.

- TechOps — comprised of MRO activities and product sales of internally developed engineered solutions and other serviceable products.

The Asset Management Solutions segment activities include monetization of assets through the lease or sale of whole assets, or through disassembly activities in support of our USM-related activities. Our monetizing services have been developed to maximize returns on mid-life Flight Equipment throughout their operating life, in conjunction with realizing the highest residual value of Flight Equipment at its retirement.

The TechOps segment consists of aftermarket support and services businesses that provide maintenance support for aircraft and aircraft components, and sale of engineered solutions. Our MRO business also engages in longer term projects such as aircraft modifications, cargo conversions of wide-body aircraft, and aircraft storage. The segment also includes MRO of landing gear, thrust reversers, and other components. Cost of sales consists principally of the cost of product, direct labor, and overhead. Our engineered solutions revenue consists of sales of products internally developed as permitted by Supplemental Type Certificates issued by the FAA. These products are proprietary in nature and function as non-original equipment manufacturer solutions to airworthiness directives and other technical challenges for operators. In order to develop these products, the Company engages in research and development activities, which are expensed as incurred. The TechOps segment also engages in the repair and sale of USM inventory for which it has the overhaul capabilities and relationships to sell.

Gross profit is calculated by subtracting cost of sales from revenue. The assets and certain expenses related to corporate activities are not allocated to the segments. Our reportable segments are aligned principally around the differences in products and services. The segment reporting excludes the allocation of selling, general and administrative expenses, interest income (expense) and income tax expense.

Selected financial information for each segment is as follows (in thousands):

	Three Months Ended March 31, 2024	2023
Revenue		
Asset Management Solutions		
Aircraft	$ 16,338	$ 24,895
Engine	42,924	23,535
	59,262	48,430
TechOps		
MRO services	25,848	27,154
Product sales	5,430	2,687
	31,278	29,841
Total	$ 90,540	$ 78,271

	Three Months Ended March 31, 2024	2023
Gross profit		
Asset Management Solutions		
Aircraft	$ 4,837	$ 8,455
Engine	17,815	9,604
	22,652	18,059
TechOps		
MRO services	4,916	5,945
Product sales	1,228	387
	6,144	6,332
Total	$ 28,796	$ 24,391

	March 31, 2024	December 31, 2023
Total assets		
Asset Management Solutions	$ 388,041	$ 372,326
Tech Ops	170,369	163,883
Corporate	13,284	17,729
	$ 571,694	$ 553,938

The following table reconciles segment gross profit to income before income tax provision for the three months ended March 31, 2024 and 2023 (in thousands):

	Three Months Ended March 31,	
	2024	2023
Segment gross profit	$ 28,796	$ 24,391
Selling, general and administrative expenses	(24,133)	(25,224)
(Expense) interest income, net	(935)	1,047
Other income, net	169	233
Change in fair value of warrant liability	1,979	(334)
Income before income tax provision	$ 5,876	$ 113

Intersegment sales include amounts invoiced by a segment for work performed for another segment. Amounts are based on actual work performed or products sold and agreed-upon pricing which is intended to be reflective of the arm's length value of the contribution made by the supplying business segment. All intersegment transactions have been eliminated upon consolidation. Intersegment revenue for the three months ended March 31, 2024 and 2023, is as follows (in thousands):

	Three Months Ended March 31,	
	2024	2023
Asset Management Solutions	$ 437	$ 1,821
TechOps	5,578	3,758
Total intersegment revenues	$ 6,015	$ 5,579

NOTE M — STOCKHOLDERS' EQUITY

Common Stock

The Company's common stock, $0.0001 par value, consists of 200,000,000 authorized shares, of which 53,009,026 and 52,954,430 shares were issued and outstanding as of March 31, 2024 and December 31, 2023, respectively.

2020 Equity Incentive Plan

The Company maintains a 2020 Equity Incentive Plan (the "2020 Plan") and has registered 6,200,000 shares of common stock issuable under the Plan. The 2020 Plan authorizes discretionary grants of incentive stock options to employees of the Company and its qualifying subsidiaries. The 2020 Plan also authorizes discretionary grants of non-qualified stock options, stock appreciation rights, restricted stock, restricted stock units, dividend equivalents or other equity or cash-based awards to employees and consultants of the Company and its subsidiaries and to members of the Board of Directors (the "Board") of the Company. To the extent that an award under the 2020 Plan expires, is cancelled, forfeited, terminated, settled in cash or is otherwise settled without issuance of the full number of shares to which it relates, those shares will become or again be available for awards under the 2020 Plan. The 2020 Plan is administered by the Board's Compensation Committee. The Compensation Committee has complete, full and final authority to: designate participants; determine the types of awards to be granted; determine the terms of awards; interpret and administer the 2020 Plan and any agreements and awards thereunder.

Restricted stock unit activity under the 2020 Plan for the three months ended March 31, 2024 and 2023 was as follows:

	Amount	Weighted Average Grant Date Fair Value	Weighted Average Remaining Contractual Life (Years)
Outstanding at December 31, 2023	532,399	$ 14.82	1.84
Granted	4,394	11.87	
Forfeited	(26,821)	14.58	
Vested	(65,442)	15.50	
Outstanding March 31, 2024	444,530	$ 14.71	1.67

	Amount	Weighted Average Grant Date Fair Value	Weighted Average Remaining Contractual Life (Years)
Outstanding at December 31, 2022	1,374,383	$ 10.72	2.88
Granted	22,410	16.06	
Vested	(31,925)	15.11	
Outstanding March 31, 2023	1,364,868	$ 10.71	2.92

As of March 31, 2023, the Company's restricted stock units included1,073,736 performance-based awards that had vesting provisions subject to both time vesting and the achievement of certain performance milestones at 100% and 200% vesting targets. Effective March 31, 2022, the performance-based awards granted in 2021 (the "2021 PSUs") met the performance metric at the maximum level of 200%, of which one-third vested on December 22, 2022 andtwo-thirds vested on December 22, 2023. For the three months ended March 31, 2023, the Company recognized share-based compensation expense for the 2021 PSUs of $2.0 million. For the three months ended March 31, 2024, the Company did not recognize any share-based compensation expense for the 2021 PSUs.

For the restricted stock unit awards granted under the 2020 Plan containing both service and performance conditions, the Company recognizes compensation expense when the awards are considered probable of vesting. Restricted stock units are considered granted, and the service inception date begins, when a mutual understanding of the key terms and conditions between the Company and the employee have been established. The fair value of these awards is determined based on the closing price of the shares on the grant date. The probability of restricted share awards granted with future performance conditions is evaluated at each reporting period and compensation expense is adjusted based on the probability assessment.

2020 Employee Stock Purchase Plan

The Company also maintains the AerSale Corporation 2020 Employee Stock Purchase Plan (the "ESPP") and has registered 500,000 shares of common stock issuable under the ESPP.No shares were issued during the three months ended March 31, 2024 and 2023.

ITEM 2 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis provides information that our management believes is relevant to an assessment and understanding of our condensed consolidated results of operations and financial condition. You should read the following management's discussion and analysis together with the financial statements and related notes including Part II, Item 7 of AerSale's Annual Report on Form 10-K for the year ended December 31, 2023 (the "2023 Form 10-K"). This discussion contains forward-looking statements about AerSale's business, operations and industry that involve risks and uncertainties, such as statements regarding AerSale's plans, objectives, expectations and intentions. AerSale's future results and financial condition may differ materially from those currently anticipated because of the factors described in the section titled "Risk Factors" in the 2023 Form 10-K.

The Company

We operate as a platform for serving the commercial aviation aftermarket sector. Our top executives have on average over 30 years of experience in aircraft and engine ("Flight Equipment") management, sales and maintenance services, and are supported by an experienced management team. We have established a global purpose built and fully integrated aviation company focused on providing products and services that maximize the value of Flight Equipment in the middle to end of its operating life cycle.

We are a worldwide provider of aftermarket commercial aircraft, engines, and their parts to passenger and cargo airlines, leasing companies, original equipment manufacturers ("OEM"), government and defense contractors, and maintenance, repair and overhaul ("MRO") service providers. We report our activities in two business segments: Asset Management Solutions, comprised of activities that extract value from strategic Flight Equipment acquisitions either as whole assets or by disassembling for used serviceable material ("USM"), and TechOps, comprised of MRO activities for aircraft and their components, sales of internally developed engineered solutions and other serviceable products.

We focus on mid-life Flight Equipment and monetize them through our Asset Management Solutions segment. Asset Management Solutions' activities include monetization of assets through the lease or sale of whole assets, or through disassembly activities in support of our USM-related activities. Our monetizing services have been developed to maximize returns on mid-life Flight Equipment throughout their operating life, in conjunction with realizing the highest residual value of Flight Equipment at its retirement. We accomplish this by utilizing deep market and technical knowledge related to the management of Flight Equipment sales, leasing and MRO services. To extract value from the remaining flight time on whole assets, we provide flexible short-term (generally less than five years) leasing solutions of Flight Equipment to passenger and cargo operators across the globe. Once the value from the Flight Equipment's flight time has been extracted, Flight Equipment is considered to be at or near the end of its useful life and is analyzed for return maximization as either whole asset sales or disassembled for sale as USM parts. Revenue from this segment is segregated between Aircraft and Engine depending on the asset type that generated the revenue. Lease revenue and the related depreciation from aircraft and engines installed on those aircraft are recognized under the Aircraft category. Revenue from sales of whole aircraft and related cost of sales are allocated between the Aircraft and Engine categories based on the allocated cost basis of the asset sold.

Our TechOps segment provides internal and third-party aviation services, including internally developed engineered solutions, full heavy aircraft maintenance and modification, component MRO, as well as end-of-life disassembly services. Our MRO business also engages in longer-term projects such as aircraft modifications, cargo and tanker conversions of aircraft, and aircraft storage. The TechOps segment also includes MRO services for landing gear, thrust reversers, hydraulic systems, and other aircraft components.

We utilize these capabilities to support our customers' Flight Equipment, as well as to maintain and improve our own Flight Equipment, which is subsequently sold or leased to our customers. These processes require a high degree of expertise on each individual aircraft or component that is being serviced. Our knowledge of these processes allows us to assist customers to comply with applicable regulatory and OEM requirements. A significant amount of skilled labor is required to support this process, which the Company has accumulated through its diversified offerings.

In addition to our aircraft and USM parts offerings, we develop Engineered Solutions consisting of Supplemental Type Certificates ("STCs") that can be installed on existing Flight Equipment to improve performance, comply with regulatory requirements, or improve safety. An example of these solutions is the AerSafe® product line, which we designed and for which we obtained Federal Aviation Administration ("FAA") approval to sell as a solution for compliance with the FAA's fuel tank flammability regulations. Another example of these solutions is our AerAware™ product, an industry-leading, next generation Enhanced Flight Vision System ("EFVS") that has recently received approval by the FAA for the Boeing B737NG product line. These products are proprietary in nature and function as non-OEM solutions to regulatory requirements and other technical challenges, often at reduced delivery time and cost for operators. In order to develop these products, we engage in research and development activities that are expensed as incurred.

Recent Accounting Pronouncements

The most recently adopted and to be adopted accounting pronouncements are described in Note B of our condensed consolidated financial statements included in this Quarterly Report, as well as in Item 8, Note B within our consolidated financial statements in the 2023 Form 10-K.

Results of Operations

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

Sales and gross profit for AerSale's two business segments for the three months ended March 31, 2024 and 2023 were as follows:

	Three Months Ended March 31,		
(in thousands, except percentages)	**2024**	**2023**	**Percent Change**
Revenue			
Asset Management Solutions			
Aircraft	$ 16,338	$ 24,895	(34.4) %
Engines	42,924	23,535	82.4 %
	59,262	48,430	22.4 %
TechOps			
MRO	25,848	27,154	(4.8) %
Product Sales	5,430	2,687	102.1 %
	31,278	29,841	4.8 %
Total	$ 90,540	$ 78,271	15.7 %

	Three Months Ended March 31,		
(in thousands, except percentages)	**2024**	**2023**	**Percent Change**
Gross Profit			
Asset Management Solutions			
Aircraft	$ 4,837	$ 8,455	(42.8) %
Engines	17,815	9,604	85.5 %
	22,652	18,059	25.4 %
TechOps			
MRO	4,916	5,945	(17.3) %
Product Sales	1,228	387	217.3 %
	6,144	6,332	(3.0) %
Total	$ 28,796	$ 24,391	18.1 %

Total revenue for the three months ended March 31, 2024 increased $12.3 million or 15.7% compared to 2023, driven by a increase of $10.8 million, or 22.4%, within Asset Management Solutions, and a increase of $1.4 million, or 4.8%, within TechOps.

Asset Management Solutions

Sales in the Asset Management Solutions segment increased $10.8 million or 22.4%, to $59.3 million for the three months ended March 31, 2024, due to a $19.4 million, or 82.4%, increase in revenue from Engines, partially offset by a $8.6 million, or 34.4%, decrease in revenue from Aircraft. The increase in Engines revenue is due to higher Flight Equipment sales in the amount of $16.7 million primarily attributable to greater activity in the CFM56 and V2500 product lines and higher USM sales in the amount of $2.9 million, partly offset by lower leasing revenue in the amount of $0.6 million. The decrease in Aircraft revenue is primarily attributable to reduced activity in the B757 product line as a result of lower Flight Equipment sales in the amount of $5.7 million, as well as lower leasing activity of the B737 product line in the amount of $1.9 million.

Cost of sales in Asset Management Solutions increased $6.2 million or 20.5%, to $36.6 million for the three months ended March 31, 2024, compared to the prior year period. The increase in cost of sales was primarily driven by the sales increases discussed above. Gross profit in the Asset Management Solutions segment increased $4.6 million to $22.7 million, or 25.4%, for the three months ended March 31, 2024, compared to the three months ended March 31, 2023. The gross profit increase is mainly attributable to higher revenue generated for the three months ended March 31, 2024, as noted above.

Aircraft gross profit margins decreased to 29.6% for the three months ended March 31, 2024, from 34.0% for the three months ended March 31, 2023 due to lower margins generated on Flight Equipment sales. Engine gross profit margin was 41.5% for the three months ended March 31, 2024, an increase from 40.8% for the three months ended March 31, 2023, which was primarily the result of slightly higher margins on Flight Equipment and USM sales.

TechOps

Our revenue from TechOps increased by $1.4 million or 4.8%, to $31.3 million for the three months ended March 31, 2024, compared to the prior year period. The increase is driven by higher MRO product sales, offset by lower demand for heavy MRO services in our Goodyear, Arizona facility.

Cost of sales in TechOps increased $1.6 million, or 6.9%, to $25.1 million for the three months ended March 31, 2024 compared to the prior year period, driven by the sales increase discussed above. Gross profit in TechOps decreased $0.2 million, or 3.0%, for the three months ended March 31, 2024 compared to the three months ended March 31, 2023, driven by lower gross profit of $1.0 million on MRO services. Gross profit margin decreased to 19.6% for the three months ended March 31, 2024 compared to 21.2% for the prior year period, and was largely attributable to lower margin on MRO services of 19.0% for the three months ended March 31, 2024 compared to 21.9% for the prior year period, driven by lower component MRO and landing gear activities.

Selling, General and Administrative Expenses

Selling, general and administrative expenses decreased $1.1 million, or 4.3%, to $24.1 million for the three months ended March 31, 2024, compared to the prior year period. The decrease was mostly related to lower stock based compensation, partly offset by higher payroll and information technology support costs.

Change in Fair Value of Warrant Liability

We account for our private warrants as a liability at their fair value, with changes in fair value recognized in our results from operations for the period. The fair value of our private warrants is determined using a Black Scholes option pricing model. For the three months ended March 31, 2024, we recorded a $2.0 million change in fair value of warrant liability income, compared to a $0.3 million expense in the prior year period.

Interest Income (Expense), Net

Interest expense was $0.9 million for the three months ended March 31, 2024, compared to $1.0 million interest income for the three months ended March 31, 2023. This was primarily related to interest expense incurred on borrowings under our debt facilities, used for the acquisition of feedstock during the current year period, compared to interest earned on our available cash in the prior year period.

Income Taxes

The effective tax rate for the three months ended March 31, 2024 was (6.8%) compared to 95.6% for the three months ended March 31, 2023. The difference between the effective tax rate and the statutory tax rate of 21% for the three months ended March 31, 2024, is primarily due to the benefit of the foreign derived intangible income deduction and R&D credits. The difference between the effective tax rate and the statutory tax rate of 21% for the three months ended March 31, 2023, is primarily due to the non-deductible change in the fair value of the warrant liability.

Financial Position, Liquidity and Capital Resources

As of March 31, 2024, we had $2.6 million of cash and cash equivalents. We finance our growth through cash flows generated from operations and borrowings secured by our assets. We had $52.0 million outstanding under the Revolving Credit Agreement (as defined below) as of March 31, 2024, and we had $126.3 million of availability thereunder. We used cash in operations of $21.5 million for the three months ended March 31, 2024, and generated cash from investing activities of $0.2 million for the three months ended March 31, 2024.

During the year ended December 31, 2023, we entered into a revolving term loan collateralized by our property and equipment (the “Equipment Loan”), and borrowed $8.6 million, of which $4.6 million remained outstanding as of March 31, 2024.

We believe our equity base, internally generated funds, and existing availability under our debt facilities are sufficient to maintain our level of operations through the next 12 months. Any projections of future cash needs and cash flows beyond the next twelve months are subject to substantial uncertainty, but we believe our sources of liquidity, as discussed above, will be sufficient to meet our long-term cash requirements. If an event occurs that would affect our ability to meet our capital requirements, our ability to continue to grow our asset base consistent with historical trends could be impaired and our future growth limited to that which can be funded from internally generated capital.

We may, from time to time, purchase our outstanding shares of common stock through cash purchases and/or exchanges for equity or debt, open-market purchases, privately negotiated transactions or otherwise. Such purchases or exchanges, if any, will be upon such terms and at such prices as we may determine, and will depend on prevailing market conditions, our liquidity requirements, legal and regulatory considerations, contractual restrictions and other factors. Purchases, if any, will be funded through our available cash from operations. The amounts involved may be material.

Cash Flows— Three months ended March 31, 2024 compared to three months ended March 31, 2023

Cash Flows from Operating Activities

Net cash used in operating activities was $21.5 million for the three months ended March 31, 2024, compared to cash used of $62.4 million for the same period in 2023. The reduction in cash used in operating activities of $40.9 million was primarily due to lower feedstock acquisitions of $25.0 million, applications of advanced vendor payments, and higher results from operations.

Cash Flows from Investing Activities

Net cash provided by investing activities was $0.2 million for the three months ended March 31, 2024, compared to cash provided of $3.0 million in the same period for 2023. Cash provided by investing activities during the three months ended March 31, 2024 and 2023, respectively, was driven by the sale of Flight Equipment.

Cash Flows from Financing Activities

Net cash provided by financing activities was $18.0 million for the three months ended March 31, 2024, compared to cash used of $0.1 million for the three months ended March 31, 2023. Cash provided by financing activities during the three months ended March 31, 2024 relate to borrowing under our Revolving Credit Agreement. Cash used in financing activities during the three months ended March 31, 2023 related to payments of tax withholdings from equity awards.

Debt Obligations and Covenant Compliance

Wells Fargo Senior Secured Revolving Credit Facility

Effective July 25, 2023, we amended our revolving credit agreement (as amended, the “Revolving Credit Agreement’) to increase our maximum commitments under the Revolving Credit Agreement to $180.0 million aggregate amount, expandable to $200.0 million, subject to conditions and the availability of lender commitments and borrowing base limitations, and to extend the maturity date to July 24, 2028, subject to certain conditions.

The maximum amount of such commitments available at any time for borrowings and letters of credit is determined according to a borrowing base calculation equal to the sum of eligible inventory and eligible accounts receivable reduced by the aggregate amount, if any, of trade payables of the loan parties, as defined in the Revolving Credit Agreement. Extensions of credit under the Revolving Credit Agreement are available for working capital and general corporate purposes.

As of March 31, 2024, there was $52.0 outstanding under the Revolving Credit Agreement and we had $126.3 million of availability thereunder. We were in compliance with our debt covenants for the Revolving Credit Agreement as of March 31, 2024.

Synovus Equipment Loan

On June 30, 2023, the Company entered into a property and equipment revolving term loan (the “Equipment Loan”) with a total advance commitment of $10.0 million for the purpose of financing capital expenditures on property and equipment. Once the total advance commitment is reached or commencing on June 30, 2024, whichever comes first, this facility will become a term loan with a maturity date of June 30, 2027. This loan is collateralized by the property and equipment it finances and requires interest only payment until converted to a term loan, at which point, principal and interest payments will be required.

During the three months ended March 31, 2024, the Company repaid $4.0 million under the Equipment Loan.

As of March 31, 2024, the outstanding balance under the Equipment Loan was $4.6 million, which was subsequently paid off during April 2024. We were in compliance with our debt covenants for the Equipment Loan as of March 31, 2024.

Off-Balance Sheet Arrangements and Contractual Obligations

We did not have any off-balance sheet arrangements as of March 31, 2024. Refer to Note Q – Leases, within our consolidated financial statements in our 2023 Form 10-K for a listing of our non-cancelable contractual obligations under operating leases.

The Company has entered into a purchase commitment with Universal Avionics, a subsidiary of Elbit Systems, valued at $33.8 million for the acquisition of technical equipment for manufacturing our AerAware™ product. The commitment is expected to be satisfied by the second quarter of 2025.

Critical Accounting Policies and Estimates

The preparation of the condensed consolidated financial statements in conformity with accounting principles generally accepted in the United States ("U.S. GAAP") requires our management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the condensed consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates. A summary of our critical accounting estimates is included in Management's Discussion and Analysis of Financial Condition and Results of Operations contained in the 2023 Form 10-K. We continually review these estimates and their underlying assumptions to ensure they are appropriate for the circumstances. Changes in the estimates and assumptions we use could have a material impact on our financial results. During the three months ended March 31, 2024, there were no material changes in our critical accounting estimates and policies.

ITEM 3 QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

In the normal course of business, we are subject to market risks. Market risk represents the risk of loss that may impact our financial position due to adverse changes in financial market prices and sales. Our exposure to market risk includes fluctuating interest rates and changes in foreign exchange rates.

Interest Rate Risk

We are exposed to the risk that our earnings and cash flows could be adversely impacted by fluctuations in interest rates associated with borrowings under our Revolving Credit Agreement and the Equipment Loan, which have variable interest rates tied to SOFR. As of March 31, 2024, we had $52.0 million outstanding variable rate borrowings under the Revolving Credit Agreement and $4.6 million outstanding variable rate borrowings under the Equipment Loan. A ten percent increase in the average interest rate affecting our variable rate debt outstanding as of March 31, 2024 would increase our annual interest expense by $0.5 million

Foreign Currency Exchange Risk

We primarily use the U.S. dollar as our functional currency in all markets in which we operate in order to reduce our foreign currency market risk. Only general office expense and payroll transactions for our international locations are denominated in local currency. A hypothetical ten percent devaluation of the U.S. dollar against foreign currencies would not have had a material impact on our financial position or continuing operations as of and for the three months ended March 31, 2024.

ITEM 4 CONTROLS AND PROCEDURES

Limitations on Effectiveness of Controls and Procedures

In designing and evaluating our disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints, and that management is required to apply judgment in evaluating the benefits of possible controls and procedures relative to their costs.

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, conducted an evaluation of the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e)) under the Securities Exchange Act, as amended (the "Exchange Act"), as of March 31, 2024.

Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective at the reasonable assurance level as of March 31, 2024.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the quarter ended March 31, 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

ITEM 1 LEGAL PROCEEDINGS

The Company could be involved in litigation incidental to the operation of the business. The Company intends to vigorously defend all matters in which the Company is named defendants, and, for insurable losses, maintain significant levels of insurance to protect against adverse judgments, claims or assessments that may affect the Company. Although the adequacy of existing insurance coverage of the outcome of any legal proceedings cannot be predicted with certainty, based on the current information available, the Company does not believe the ultimate liability associated with known claims or litigation, if any, in which the Company is involved will materially affect the Company's consolidated financial condition or results of operations.

ITEM 1A RISK FACTORS

There are no material changes in the information reported under Part I – Item 1A "Risk Factors" contained in the 2023 Form 10-K.

ITEM 2 UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3 DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4 MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5 OTHER INFORMATION

Rule 10b5-1 Plan Adoptions and Modifications

During the three months ended March 31, 2024, no director or officer adopted or terminated any "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement" (as such terms are defined under Item 408(a) of Regulation S-K).

ITEM 6 EXHIBITS

The following is a list of exhibits filed as part of this Quarterly Report on Form 10-Q.

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed/ Furnished Herewith
		Form	File No.	Exhibit	Filing Date	
2.1	Agreement and Plan of Merger, dated December 8, 2019, by and among Monocle Acquisition Corporation, Monocle Holdings Inc., AerSale Corp., Monocle Merger Sub 1 Inc., Monocle Merger Sub 2 LLC, and Leonard Green & Partners, L.P., in its capacity as the Holder Representative.	8-K	001-38801	2.1	12/9/2019	
2.2	Amendment No. 1 to the Agreement and Plan of Merger, dated August 13, 2020, by and among Monocle Acquisition Corporation, Monocle Holdings Inc., AerSale Corp., Monocle Merger Sub 1 Inc., Monocle Merger Sub 2 LLC, and Leonard Green & Partners, L.P., in its capacity as the Holder Representative.	10-Q	001-38801	2.1	8/14/2020	
2.3	Amended and Restated Agreement and Plan of Merger, dated September 8, 2020, by and among Monocle Acquisition Corporation, Monocle Holdings Inc., AerSale Corp., Monocle Merger Sub 1 Inc., Monocle Merger Sub 2 LLC, and Leonard Green & Partners, L.P., in its capacity as the Holder Representative.	8-K	001-38801	2.1	09/08/2020	
2.4	Amendment No. 1 to the Amended and Restated Agreement and Plan of Merger, dated December 16, 2020, by and among Monocle Acquisition Corporation, Monocle Holdings Inc., AerSale Corp., Monocle Merger Sub 1 Inc., Monocle Merger Sub 2 LLC, and Leonard Green & Partners, L.P., in its capacity as the Holder Representative.	8-K	001-38801	10.5	12/17/2020	
3.1	Amended and Restated Certificate of Incorporation of Monocle Holdings Inc., dated October 13, 2020.	S-4/A	333-235766	3.1	10/14/2020	
3.2	Certificate of Amendment to the Amended and Restated Certificate of Incorporation of Monocle Holdings Inc., dated December 22, 2020.	8-K	001-38801	3.2	12/23/2020	
3.3	Certificate of Amendment to the Amended and Restated Certificate of Incorporation of AerSale Corporation, dated June 17, 2021.	10-Q	001-38801	3.3	08/09/2021	
3.4	Amended and Restated Bylaws of Monocle Holdings Inc., dated October 13, 2020.	S-4/A	333-235766	3.2	10/14/2020	
3.5	Amendment No. 1 to the Amended and Restated Bylaws of Monocle Holdings Inc., dated December 22, 2020.	8-K	001-38801	3.4	12/23/2020	

Exhibit Number	Exhibit Description	Incorporated by Reference Form	File No.	Exhibit	Filing Date	Filed/ Furnished Herewith
4.1	Specimen Common Stock Certificate of Monocle Holdings Inc.	S-4/A	333-235766	4.2	02/14/2020	
4.2	Specimen Warrant Certificate of Monocle Holdings Inc.	S-4/A	333-235766	4.3	02/14/2020	
4.3	Warrant Agreement, dated February 6, 2019, between Monocle Acquisition Corporation and Continental Stock Transfer & Trust Company, as warrant agent.	8-K	001-38801	4.1	02/12/2019	
4.4	Assignment and Assumption Agreement, dated December 22, 2020, by and among Monocle Holdings Inc., Monocle Acquisition Corporation and Continental Stock Transfer & Trust Company.	8-K	001-38801	10.9	12/23/2020	
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a)/15d-14(a).					*
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a)/15d-14(a).					*
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350.					**
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350.					**
101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.					*
101.SCH	Inline XBRL Taxonomy Extension Schema Document					*
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document					*
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document					*
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document					*
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document					*
104	Cover Page Interactive Data File (formatted as Inline XBRL with applicable taxonomy extension information contained in Exhibit 101*)					*

* Filed herewith

** Furnished herewith

SIGNATURES

Pursuant to the requirements of the Securities Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

AerSale Corporation

Date:	May 9, 2024	By:	/s/ Nicolas Finazzo Nicolas Finazzo Chairman, Chief Executive Officer, and Director (*Principal Executive Officer*)
Date:	May 9, 2024	By:	/s/ Martin Garmendia Martin Garmendia Chief Financial Officer and Treasurer (*Principal Financial and Accounting Officer*)

Exhibit 31.1

CERTIFICATION

I, Nicolas Finazzo, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of AerSale Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 9, 2024

By: /s/ Nicolas Finazzo
Nicolas Finazzo
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION

I, Martin Garmendia, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of AerSale Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 9, 2024

By: /s/ Martin Garmendia
Martin Garmendia
Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of AerSale Corporation (the "Company") for the period ended March 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 9, 2024

By: /s/ Nicolas Finazzo
Nicolas Finazzo
Chief Executive Officer
(Principal Executive Officer)

Exhibit 32.2

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of AerSale Corporation (the “Company”) for the period ended March 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 9, 2024

By: /s/ Martin Garmendia
Martin Garmendia
Chief Financial Officer
(Principal Financial Officer)