

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 **June 30, 2025**

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

(State or other jurisdiction of
incorporation or organization)

84-3976002

(I.R.S. Employer Identification No.)

9850 NW 41st Street, Suite 400

Doral, FL

(Address of Principal Executive Offices)

33178

(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 August 4, 2025 was 47,181,517.

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FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2025 (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 may 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; the sufficiency of our liquidity; our recovery of insurance proceeds for casualty losses; 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 following: disruptions in supply chain, including the inability to obtain certain components and raw materials from suppliers; factors that adversely impact the commercial aviation industry; the fluctuating market value of our aviation products; our ability to repossess mid-life commercial aircraft and engines (“Flight Equipment”) when a lessee defaults; success at our maintenance, repair and overhaul (“MRO”) facilities is dependent upon continued outsourcing by airlines; shortage of skilled personnel or work stoppages; the highly competitive nature of the markets in which we operate; risks associated with our international operations; risks from business acquisitions and integration of new businesses acquired; the unique risks we encounter by supplying equipment and services to the U.S. government; further consolidation of customers and suppliers in our markets; cyber or other security threats or disruptions; the significant capital expenditures that may be required to keep pace with technological developments in our industry; lack of ownership of certain intellectual property and tooling that is important to our business; litigation to protect our intellectual property; our dependence on our facilities, which are subject to physical and other risks that could disrupt production; risks from any improper conduct by our employees, agents, subcontractors, suppliers, business partners or joint ventures in which we participate; loss of services from key employees; the failure of our subcontractors to perform their contractual obligations; impacts from future outbreaks and infectious diseases on flight activity, demand for MRO and leasing services, our business partners or customers, and the related macro environment; our dependence on continued availability of financing to manage our business and to execute our business strategy, and unavailability of additional financing on terms acceptable to us; our failure to comply with the covenants in the documents governing our existing indebtedness; limitations on our current and future operations from restrictive covenants contained in documents governing our existing and future indebtedness; unanticipated changes in our tax provision; possible goodwill and intangible asset impairments; changes in interest rates, foreign currency exchange rates and swap counterparty risks; we are subject to significant government regulation and may need to incur significant expenses to comply with new or more stringent government regulation; compliance with U.S. and other anti-corruption laws, enhanced tariffs, export control laws, import and customs laws, trade and economic sanctions laws and other laws governing our operations; current or future regulatory proceedings or litigation including product liability, intellectual property disputes and other claims, and claims not adequately covered by insurance; the liens of Flight Equipment could exceed the value of such Flight Equipment; the risk that our leased aircraft engines are deemed accessions to the aircraft and our ability to repossess an engine is impaired; product and other liability claims not covered by insurance; the extensive environmental requirements with which we must comply; global climate change, or legal, regulatory or market responses to such change; volatility in our stock price and the risk that a liquid trading market does not continue; lack of analyst coverage for our common stock; depressed stock price as a result of substantial future sales of our common stock, or the perception in the public markets that these sales may occur; the fact that we do not intend to pay dividends on our common stock for the foreseeable future; insolvency of our customers; the adverse effect of negative economic conditions; and other factors described under the section titled “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2024, filed with the Securities and Exchange Commission on March 11, 2025.

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 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) (Unaudited)

	June 30, 2025	December 31, 2024
Current assets:		
Cash and cash equivalents	\$ 5,747	\$ 4,698
Accounts receivable, net of allowance for credit losses of \$1,173 as of June 30, 2025 and December 31, 2024	44,533	34,646
Income tax receivable	1,982	1,994
Inventory:		
Aircraft, airframes, engines, and parts, net	257,506	224,832
Advance vendor payments	4,897	6,803
Deposits, prepaid expenses, and other current assets	11,837	11,057
Total current assets	326,502	284,030
Fixed assets:		
Aircraft and engines held for lease, net	66,708	67,847
Property and equipment, net	41,634	36,331
Inventory:		
Aircraft, airframes, engines, and parts, net	130,797	130,958
Operating lease right-of-use assets	30,761	33,105
Deferred income taxes	9,161	10,171
Deferred financing costs, net	1,219	1,296
Other assets	588	595
Goodwill	19,860	19,860
Other intangible assets, net	19,441	20,530
Total assets	<u>\$ 646,671</u>	<u>\$ 604,723</u>
Current liabilities:		
Accounts payable	\$ 35,013	\$ 34,184
Accrued expenses	10,075	7,400
Lessee and customer purchase deposits	3,660	1,734
Current operating lease liabilities	4,562	4,356
Current portion of long-term debt	825	605
Deferred revenue	1,630	1,781
Deferred insurance proceeds	28,610	24,910
Total current liabilities	84,375	74,970
Revolving credit facility	114,509	39,235
Long-term debt	907	1,209
Long-term lease deposits	2,627	2,987
Long-term operating lease liabilities	28,119	30,565
Maintenance deposit payments and other liabilities	211	52
Warrant liability	11	85
Total liabilities	230,759	149,103
Stockholders' equity:		
Common stock, \$0.0001 par value. Authorized 200,000,000 shares; issued and outstanding 47,093,869 and 53,252,563 shares as of June 30, 2025 and December 31, 2024	5	5
Additional paid-in capital	273,487	316,493
Retained earnings	142,420	139,122
Total stockholders' equity	415,912	455,620
Total liabilities and stockholders' equity	<u>\$ 646,671</u>	<u>\$ 604,723</u>

See accompanying notes to condensed consolidated financial statements.

AERSALE CORPORATION AND SUBSIDIARIES

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Revenue:				
Products	\$ 74,589	\$ 43,298	\$ 111,711	\$ 104,908
Leasing	8,231	4,286	15,732	7,368
Services	24,562	29,517	45,715	55,365
Total revenue	107,382	77,101	173,158	167,641
Cost of sales and operating expenses:				
Cost of products	50,630	28,531	78,269	68,150
Cost of leasing	2,651	1,894	5,659	3,087
Cost of services	18,764	24,956	35,928	45,888
Total cost of sales	72,045	55,381	119,856	117,125
Gross profit	35,337	21,720	53,302	50,516
Selling, general and administrative expenses	22,823	23,572	47,435	47,705
Income (loss) from operations	12,514	(1,852)	5,867	2,811
Other (expense) income:				
Interest expense, net	(2,452)	(1,528)	(3,633)	(2,463)
Other income, net	134	102	2,022	271
Change in fair value of warrant liability	131	138	74	2,117
Total other expense, net	(2,187)	(1,288)	(1,537)	(75)
Income (loss) before income tax provision	10,327	(3,140)	4,330	2,736
Income tax expense	(1,752)	(497)	(1,032)	(96)
Net income (loss)	\$ 8,575	\$ (3,637)	\$ 3,298	\$ 2,640
Earnings (loss) per share:				
Basic	\$ 0.18	\$ (0.07)	\$ 0.07	\$ 0.05
Diluted	\$ 0.18	\$ (0.07)	\$ 0.07	\$ 0.05
Weighted average shares outstanding:				
Basic	46,914,100	53,029,359	49,596,045	53,010,425
Diluted	47,092,413	53,029,359	49,782,764	53,111,439

See accompanying notes to condensed consolidated financial statements.

AERSALE CORPORATION AND SUBSIDIARIES

Condensed Consolidated Statements of Stockholders' Equity **For the three and six months ended June 30, 2025 and 2024** (in thousands, except share data) (Unaudited)

	Common stock		Additional paid-in capital	Retained earnings	Shares of Treasury Stock	Treasury Stock, at cost	Total stockholders' equity
	Amount	Shares					
Balance at December 31, 2024	\$ 5	53,252,563	\$ 316,493	\$ 139,122	-	\$ -	\$ 455,620
Share-based compensation	-	-	1,160	-	-	-	1,160
Shares issued under the 2020 Equity Incentive Plan	0	36,074	-	-	-	-	0
Purchase of treasury stock	-	-	-	-	6,428,571	(45,000)	(45,000)
Retirement of treasury stock	0	(6,428,571)	(45,000)	-	(6,428,571)	45,000	0
Shares surrendered for tax withholdings on equity awards	-	-	(45)	-	-	-	(45)
Net loss	-	-	-	(5,277)	-	-	(5,277)
Balance at March 31, 2025	\$ 5	46,860,066	\$ 272,608	\$ 133,845	-	\$ -	\$ 406,458
Share-based compensation	-	-	668	-	-	-	668
Shares issued under the 2020 Employee Stock Purchase Plan	0	39,754	195	-	-	-	195
Shares issued under the 2020 Equity Incentive Plan	0	194,049	-	-	-	-	0
Shares surrendered for tax withholdings on equity awards	-	-	16	-	-	-	16
Net income	-	-	-	8,575	-	-	8,575
Balance at June 30, 2025	\$ 5	47,093,869	\$ 273,487	\$ 142,420	-	\$ -	\$ 415,912

	Common stock		Additional paid-in capital	Retained earnings	Shares of Treasury Stock	Treasury Stock, at cost	Total stockholders' equity
	Amount	Shares					
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	0	54,596	-	-	-	-	0
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
Share-based compensation	-	-	1,144	-	-	-	1,144
Shares issued under the 2020 Employee Stock Purchase Plan	0	48,202	325	-	-	-	325
Shares issued under the 2020 Equity Incentive Plan	0	26,986	-	-	-	-	0
Shares surrendered for tax withholdings on equity awards	-	-	(16)	-	-	-	(16)
Net loss	-	-	-	(3,637)	-	-	(3,637)
Balance at June 30, 2024	\$ 5	53,084,214	\$ 313,883	\$ 135,911	-	\$ -	\$ 449,799

See accompanying notes to condensed consolidated financial statements.

AERSALE CORPORATION AND SUBSIDIARIES

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

	Six Months Ended June 30,	
	2025	2024
Cash flows from operating activities:		
Net income	\$ 3,298	\$ 2,640
Adjustments to reconcile net income to net cash used in operating activities		
Depreciation and amortization	9,471	6,434
Amortization of debt issuance costs	191	164
Amortization of operating lease assets	104	79
Inventory reserve	1,579	627
Deferred income taxes	1,010	171
Change in fair value of warrant liability	(74)	(2,117)
Share-based compensation	1,828	1,943
Changes in operating assets and liabilities:		
Accounts receivable	(9,887)	(6,027)
Income tax receivable	12	(72)
Inventory	(42,878)	(56,566)
Deposits, prepaid expenses, and other current assets	(780)	(5,110)
Other assets	7	(543)
Advance vendor payments	1,906	22,167
Accounts payable	829	(509)
Accrued expenses	2,675	795
Deferred revenue	(151)	(712)
Lessee and customer purchase deposits	1,566	(158)
Deferred insurance proceeds	3,700	-
Other liabilities	158	(6)
Net cash used in operating activities	(25,436)	(36,800)
Cash flows from investing activities:		
Proceeds from sale of assets	1,750	3,800
Acquisition of aircraft and engines held for lease, including capitalized cost	(1,922)	(5,610)
Purchase of property and equipment	(3,587)	(7,190)
Net cash used in investing activities	(3,759)	(9,000)
Cash flows from financing activities:		
Proceeds from long-term debt	220	615
Repayments of long-term debt	(302)	(8,559)
Proceeds from revolving credit facility	195,874	106,936
Repayments of revolving credit facility	(120,600)	(54,981)
Payments of debt issuance costs	(114)	-
Purchase of treasury stock	(45,000)	-
Proceeds from the issuance of Employee Stock Purchase Plan shares	195	325
Taxes paid related to net share settlement of equity awards	(29)	(124)
Net cash provided by financing activities	30,244	44,212
Increase (decrease) in cash and cash equivalents	1,049	(1,588)
Cash and cash equivalents, beginning of period	4,698	5,873
Cash and cash equivalents, end of period	\$ 5,747	\$ 4,285
Supplemental disclosure of cash activities		
Income tax payments, net	\$ 165	\$ 73
Interest paid	\$ 3,462	\$ 2,435
Supplemental disclosure of noncash investing activities		
Reclassification of aircraft, airframes, engines, and parts inventory to aircraft and engines held for lease, net	\$ 2,583	\$ 2,494
Reclassification of aircraft, airframes, engines, and parts inventory to property and equipment	\$ 4,454	\$ -

See accompanying notes to condensed consolidated financial statements.

AERSALE CORPORATION AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

June 30, 2025

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” or “we”), 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 of 1934, as amended (the “Exchange Act”).

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 is based in Doral, Florida, with additional offices, hangars, and warehouses located globally.

NOTE B — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Interim Financial Statements

The accompanying unaudited interim condensed 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 condensed 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. These 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, 2024 (the “2024 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

Revenue from sales of USM is 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

Revenue from whole asset sales is 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 result in the recognition of revenue. 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 existing maintenance deposit payments and other 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.

Services Revenue

Revenue for services is 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.

Income Taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. The Company recognizes the effect of income tax positions only if those positions are more likely than not of being sustained on examination by the taxing authorities. Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs.

The Company records interest and penalties related to unrecognized tax benefits in the income tax provision.

On July 4, 2025, the United States Congress passed budget reconciliation bill H.R. 1 referred to as the One Big Beautiful Bill (“OBBB”). The OBBB contains several changes to corporate taxation including modifications to capitalization of research and development expenses, limitations on deductions for interest expense and accelerated fixed asset depreciation. The Company is still in the process of evaluating the OBBB and an estimate of the financial impact cannot be made at this time.

New Accounting Pronouncements Adopted

In December 2023, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2023-09, Income Taxes Topic 740: Improvements to Income Tax Disclosures (“ASU 2023-09”), which requires public entities, on an annual basis, to provide disclosure of specific categories in the rate reconciliation, as well as disclosure of income taxes paid disaggregated by jurisdiction. ASU 2023-09 is effective for fiscal years beginning after December 15, 2024. The amendments in ASU 2023-09 were adopted by the Company as of January 1, 2025. The Company’s results of operations, cash flows, and financial condition were not impacted by the adoption of this ASU.

New Accounting Pronouncements Not Yet Adopted

In November 2024, the FASB issued ASU 2024-03, Reporting Comprehensive Income—Expense Disaggregation Disclosures (“ASU 2024-03”), which requires public entities to disclose, in a tabular presentation, the following expense items: (1) purchases of inventory, (2) employee compensation, (3) depreciation, (4) intangible asset amortization, (5) depreciation, depletion, and amortization recognized as part of oil- and gas-producing activities or other types of depletion expenses, as well as other types of expenses when applicable. ASU 2024-03 is effective for fiscal years beginning after December 15, 2026 and interim periods beginning after December 15, 2027, with early adoption permitted. We are currently evaluating the impact of this guidance on our consolidated financial statements and disclosure.

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):

	June 30, 2025	December 31, 2024	Change
Contract assets	\$ 5,411	\$ 6,166	\$ (755)

Contract assets are reported within deposits, prepaid expenses, and other current assets on our condensed consolidated balance sheets. Changes in contract assets primarily result from the timing difference between the performance of services. Contract liabilities are reported as deferred revenue on the accompanying condensed consolidated balance sheets and amounted to \$1.8 million as of December 31, 2024, of which \$0.7 million was related to contract liabilities for services to be performed. For the three and six months ended June 30, 2025, the Company recognized as revenue \$0.1 million and \$0.6 million of contract liabilities included in the deferred revenue balance as of December 31, 2024 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 and six months ended June 30, 2025 and 2024 (in thousands):

	Three Months Ended June 30, 2025			Six Months Ended June 30, 2025		
	Asset Management Solutions	TechOps	Total Revenue	Asset Management Solutions	TechOps	Total Revenue
USM	\$ 34,647	\$ 2,964	\$ 37,611	\$ 64,609	\$ 6,001	\$ 70,610
Whole asset sales	33,387	-	33,387	35,137	-	35,137
Engineered solutions	-	3,591	3,591	-	5,964	5,964
Total products	68,034	6,555	74,589	99,746	11,965	111,711
Leasing	8,231	-	8,231	15,732	-	15,732
Services	-	24,562	24,562	-	45,715	45,715
Total revenue	\$ 76,265	\$ 31,117	\$ 107,382	\$ 115,478	\$ 57,680	\$ 173,158

	Three Months Ended June 30, 2024			Six Months Ended June 30, 2024		
	Asset Management Solutions	TechOps	Total Revenue	Asset Management Solutions	TechOps	Total Revenue
USM	\$ 19,600	\$ 4,118	\$ 23,718	\$ 37,132	\$ 9,493	\$ 46,625
Whole asset sales	17,913	-	17,913	56,561	-	56,561
Engineered solutions	-	1,667	1,667	-	1,722	1,722
Total products	37,513	5,785	43,298	93,693	11,215	104,908
Leasing	4,286	-	4,286	7,368	-	7,368
Services	-	29,517	29,517	-	55,365	55,365
Total revenue	\$ 41,799	\$ 35,302	\$ 77,101	\$ 101,061	\$ 66,580	\$ 167,641

NOTE D — INVENTORY

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

	June 30, 2025	December 31, 2024
USM	\$ 128,924	\$ 118,025
Whole assets	160,371	141,770
Work-in-process	19,438	27,358
MRO and engineered solutions	79,570	68,637
	\$ 388,303	355,790
Less short term	(257,506)	(224,832)
Long term	\$ 130,797	\$ 130,958

The Company recorded inventory scrap loss reserves of \$0.8 million and \$1.6 million for the three and six months ended June 30, 2025, respectively. The Company recorded inventory scrap loss reserves of \$0.4 million and \$0.9 million for the three and six months ended June 30, 2024, respectively. 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, along with work-in-process and inventory used in MRO activities, is reported under current assets.

In April 2024, one of the Company's leased secondary parts warehouses in Roswell, New Mexico, was destroyed by a fire. Inside the warehouse were various aircraft parts typically sold by the Company as USM. The Company carries

insurance covering these parts, with a limit of \$100 million and \$10,000 deductible. The Company filed a claim for the replacement value of the inventory that was destroyed or rendered not sellable by the fire in the amount of \$67.6 million. The cost basis of the destroyed inventory was \$6.0 million. As of June 30, 2025, the Company has collected approximately \$34.6 million from insurance companies in connection with this claim, of which \$3.7 million was collected during the six months ended June 30, 2025. The recognition of any gain on insurance proceeds exceeding the related loss has been deferred until the claim is fully settled with the insurers. The deferred gain in the amount of \$28.6 million as of June 30, 2025 is presented under deferred insurance proceeds in the accompanying condensed consolidated balance sheets.

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 its 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 are related to its acquired 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” or “AerSale AeroStructures - Miami”), which are included in the TechOps segment, as well as Qwest Air Parts (“Qwest”), which is included under the Asset Management Solutions segment. See Note L for information about our business segments.

Goodwill and other intangible assets, net consisted of the following (in thousands):

	<u>June 30, 2025</u>	<u>December 31, 2024</u>
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	<u>\$ 30,190</u>	<u>\$ 30,190</u>

Intangible assets with definite useful lives are amortized on a straight-line basis over their estimated useful lives. Net book value of intangibles assets with definite lives are as follows (in thousands):

	Useful Life In Years	June 30, 2025	December 31, 2024
Qwest:			
Customer relationships	10	\$ 3,704	\$ 4,187
ALGS:			
Customer relationships	10	-	10
ACS:			
Customer relationships	10	718	823
ACT:			
Customer relationships	10	4,047	4,505
AerSale:			
AerAware Flight manuals	10	642	675
Total intangible assets with definite lives, net		<u>\$ 9,111</u>	<u>\$ 10,200</u>

Total amortization expense amounted to \$0.6 and \$0.5 million for the three months ended June 30, 2025 and 2024, respectively. Total amortization expense amounted to \$1.1 and \$1.0 million for the six months ended June 30, 2025 and 2024, respectively. Accumulated amortization amounted to \$12.6 million and \$11.5 million as of June 30, 2025 and December 31, 2024, respectively.

Other intangible assets are reviewed at least annually or more frequently if any event or change in circumstance indicates that an impairment may have occurred.

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	June 30, 2025	December 31, 2024
Tooling and equipment	5 – 15	\$ 17,737	\$ 17,481
Furniture and other equipment	3 – 15	14,234	13,985
Computer software	3 – 5	1,505	2,555
Leasehold improvements	2 – 15	27,131	25,527
Flight equipment held for R&D	2 – 8	14,170	8,383
		74,777	67,931
Less accumulated depreciation		(33,143)	(31,600)
		<u>\$ 41,634</u>	<u>\$ 36,331</u>

Depreciation expense, which includes amortization of equipment under capital lease, amounted to \$1.3 million and \$1.2 million for the three months ended June 30, 2025 and 2024, respectively. Depreciation expense, which includes amortization of equipment under capital lease, amounted to \$2.7 million and \$2.3 million for the six months ended June 30, 2025 and 2024, respectively.

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

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

	June 30, 2025	December 31, 2024
Aircraft and engines held for lease	\$ 97,933	\$ 96,910
Less accumulated depreciation	(31,225)	(29,063)
	<u>\$ 66,708</u>	<u>\$ 67,847</u>

Total depreciation expense amounted to \$2.7 million and \$1.9 million for the three months ended June 30, 2025 and 2024, respectively. Total depreciation expense amounted to \$5.7 million and \$3.1 million for the six months ended June 30, 2025 and 2024, respectively, and is included in cost of leasing in the accompanying condensed consolidated statements of operations.

Supplemental rents recognized as revenue totaled \$4.1 million and \$2.3 million for the three months ended June 30, 2025 and 2024, respectively. Supplemental rents recognized as revenue totaled \$7.7 million and \$3.8 million for the six months ended June 30, 2025 and 2024, respectively.

The Company's current operating lease agreements for leased Flight Equipment expire over the next five 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 six months of 2025	\$	18,733
2026		24,355
2027		16,048
2028		9,267
2029		7,388
Thereafter		6,962
Total minimum lease payments	\$	82,753

NOTE H — ACCRUED EXPENSES

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

	June 30, 2025	December 31, 2024
Accrued compensation and related benefits	\$ 5,113	\$ 3,457
Accrued legal fees	1,506	741
Commission fee accrual	1,024	758
Accrued federal, state and local taxes and fees	161	120
Other	2,271	2,324
	\$ 10,075	\$ 7,400

NOTE I – WARRANT LIABILITY

Warrants to purchase a total of 623,834 shares of the Company's common stock were outstanding as of June 30, 2025 and December 31, 2024. 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 June 30, 2025 and December 31, 2024:

	June 30, 2025	December 31, 2024
Risk-free interest rate	3.79%	4.38%
Expected volatility of common stock	43.84%	41.71%
Expected option term in years	0.5	1.0

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.

NOTE J— FINANCING ARRANGEMENTS

Outstanding debt obligations as of June 30, 2025 and December 31, 2024 consisted of the following (in thousands):

	June 30, 2025	December 31, 2024
\$180.0 million Wells Fargo Senior Secured Revolving Credit Agreement	\$ 114,509	\$ 39,235
\$10.0 million CIBC Property and Equipment Revolving Term Loan	1,732	1,814
Total	116,241	41,049
Less current portion	(825)	(605)
Total long-term portion	<u>\$ 115,416</u>	<u>\$ 40,444</u>

Total deferred financings costs were \$1.2 million and \$1.3 million as of June 30, 2025 and December 31, 2024, respectively. Amortized debt issuance costs are recorded in interest expense, net 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 June 30, 2025 and 2024. Amortization expense amounted to \$0.2 for the six months ended June 30, 2025 and 2024.

\$180.0 million Wells Fargo Senior Secured Revolving Credit Agreement

On July 20, 2018, AerSale, Inc. and other subsidiary borrowers thereto entered in a secured amended and restated revolving credit agreement (as amended, the “Revolving Credit Agreement”). The Revolving Credit Agreement provides for a \$180.0 million aggregate amount of revolver commitments subject to borrowing base limitations and is expandable to \$200.0 million, subject to borrowing base limitations. The Revolving Credit Agreement matures on 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 2.25% to 2.75%. The interest rate as of June 30, 2025 was 6.93%. Interest expense on the Revolving Credit Agreement for the three and six months ended June 30, 2025 was \$2.3 million and \$3.3 million, respectively. Interest expense on the Revolving Credit Agreement for the three and six months ended June 30, 2024 was \$1.4 million and \$2.0 million, respectively.

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 June 30, 2025.

\$10.0 million CIBC Property and Equipment Revolving Term Loan

On November 22, 2024 the Company entered into a property and equipment revolving term loan (the “CIBC Equipment Loan”) with a total advance commitment of \$10.0 million for the purpose of financing capital expenditures on property and equipment. Advances made by the lender are convertible into term loans at the option of the lender at a rate of SOFR plus 3.0% and have a maturity date of thirty-six (36) months from the term loan conversion date. Advances under this loan are collateralized by the property and equipment it finances and requires interest only payments until converted

to a term loan, at which point, principal and interest payments are required. As of December 31, 2024, borrowings under this facility were converted to a term loan maturing on December 23, 2027. During the six months ended June 30, 2025 the Company borrowed an additional \$0.2 million under this facility, which has not been converted to a term loan as of June 30, 2025.

The CIBC 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 June 30, 2025.

The effective rate on this facility as of June 30, 2025 was 7.89%. Maturities of the CIBC Equipment Loan as of June 30, 2025 are as follows (in thousands):

Year ending December 31:	
Remaining six months of 2025	\$ 523
2026	605
2027	604
Total payments	<u>\$ 1,732</u>

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 and six months ended June 30, 2025 and 2024 (in thousands, except share and per share data):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Net income (loss)	<u>\$ 8,575</u>	<u>\$ (3,637)</u>	<u>\$ 3,298</u>	<u>\$ 2,640</u>
Weighted-average number of shares outstanding - basic	46,914,100	53,029,359	49,596,045	53,010,425
Additional shares from assumed stock-settled options	-	-	-	11,576
Additional shares from assumed stock-settled restricted stock units	173,086	-	181,492	89,438
Additional shares from assumed issuance under the Employee Stock Purchase Plan	5,227	-	5,227	-
Weighted-average number of shares outstanding - diluted	<u>47,092,413</u>	<u>53,029,359</u>	<u>49,782,764</u>	<u>53,111,439</u>
Earnings (loss) per share – basic:	\$ 0.18	\$ (0.07)	\$ 0.07	\$ 0.05
Earnings (loss) per share – diluted:	\$ 0.18	\$ (0.07)	\$ 0.07	\$ 0.05
Anti-dilutive shares/units excluded from earnings per share - diluted:				
Additional shares from assumed stock-settled options	-	3,205	-	-
Additional shares from assumed stock-settled restricted stock units	-	71,847	-	-

NOTE L — BUSINESS SEGMENTS

Our Chairman and Chief Executive Officer is our Chief Operating Decision Maker (“CODM”). We report operational data to our CODM at the segment level, which the CODM used to evaluate performance and allocate resources

based on gross profit and income (loss) from operations by segment. While the Company believes there are synergies between the two business segments, they are managed separately because they have different risks and opportunities. The two reportable segments are:

- 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 provides leasing solutions of Flight Equipment to passenger and cargo operators worldwide. Assets considered to be at or near the end their useful lives, supplied by our leasing portfolio or acquisitions, are analyzed for return maximization to assess whether they will be sold as whole assets or disassembled and sold as individual spare parts and components.

The TechOps segment consists of aviation maintenance and services business 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, aircraft cargo conversions, and aircraft storage. The segment also includes MRO of landing gear, thrust reversers, and other components. Cost of sales consist 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. In order to develop these products, we engage in research and development activities. Our TechOps division will engage in the repair and sale of used serviceable materials through its ability to overhaul existing inventory.

The accounting policies for the segments are the same as those described in Note B. Our reportable segments are aligned principally around the differences in products and services. Gross Profit is calculated by subtracting cost of sales from revenue; income (loss) from operations is calculated by subtracting unapplied operating expenses and selling, general, and administrative expenses. The assets and certain expenses related to corporate activities are not allocated to the segments. The segment reporting excludes the allocation of interest expense, interest income, other income (expense), net, change in fair value of warrant liability and income tax expense (benefit).

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Revenue				
Asset Management Solutions				
Aircraft	\$ 10,419	\$ 9,110	\$ 17,769	\$ 25,448
Engine	65,846	32,689	97,709	75,613
	<u>76,265</u>	<u>41,799</u>	<u>115,478</u>	<u>101,061</u>
TechOps				
MRO services	24,562	29,517	45,715	55,365
Product sales	6,555	5,785	11,965	11,215
	<u>31,117</u>	<u>35,302</u>	<u>57,680</u>	<u>66,580</u>
Total	<u>\$ 107,382</u>	<u>\$ 77,101</u>	<u>\$ 173,158</u>	<u>\$ 167,641</u>

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Cost of sales and operating expenses				
Asset Management Solutions				
Aircraft	\$ 6,042	\$ 5,688	\$ 11,816	\$ 17,189
Engine	43,266	20,750	64,656	45,859
	49,308	26,438	76,472	63,048
TechOps				
MRO services	18,764	24,956	35,928	45,888
Product sales	3,973	3,987	7,456	8,189
	22,737	28,943	43,384	54,077
Total	<u>\$ 72,045</u>	<u>\$ 55,381</u>	<u>\$ 119,856</u>	<u>\$ 117,125</u>

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Gross profit				
Asset Management Solutions				
Aircraft	\$ 4,377	\$ 3,422	\$ 5,953	\$ 8,259
Engine	22,580	11,939	33,053	29,754
	26,957	15,361	39,006	38,013
TechOps				
MRO services	5,798	4,561	9,787	9,477
Product sales	2,582	1,798	4,509	3,026
	8,380	6,359	14,296	12,503
Total	<u>\$ 35,337</u>	<u>\$ 21,720</u>	<u>\$ 53,302</u>	<u>\$ 50,516</u>

The following table reconciles segment gross profit to income (loss) before income tax provision for the three and six months ended June 30, 2025 and 2024 (in thousands):

	Three Months Ended June 30, 2025			Three Months Ended June 30, 2024		
	Asset Management Solutions	TechOps	Total	Asset Management Solutions	TechOps	Total
Gross Profit	\$ 26,957	\$ 8,380	\$ 35,337	\$ 15,361	\$ 6,359	\$ 21,720
Operating expenses	(3,430)	(2,525)	(5,955)	(3,212)	(2,824)	(6,036)
Selling, general and administrative expenses	(4,066)	(3,173)	(7,239)	(3,820)	(5,033)	(8,853)
Segment income (loss) from operations	\$ 19,461	\$ 2,682	\$ 22,143	\$ 8,329	\$ (1,498)	\$ 6,831
Other corporate expenses			(9,629)			(8,683)
Income (loss) from operations			12,514			(1,852)
Other (expense) income:						
Interest expense, net			(2,452)			(1,528)
Other income, net			134			102
Change in fair value of warrant liability			131			138
Income (loss) before income tax provision			<u>\$ 10,327</u>			<u>\$ (3,140)</u>

	Six Months Ended June 30, 2025			Six Months Ended June 30, 2024		
	Asset Management Solutions	TechOps	Total	Asset Management Solutions	TechOps	Total
Gross Profit	\$ 39,006	\$ 14,296	\$ 53,302	\$ 38,013	\$ 12,503	\$ 50,516
Operating expenses	(7,080)	(4,617)	(11,697)	(6,487)	(5,711)	(12,198)
Selling, general and administrative expenses	(7,802)	(8,219)	(16,021)	(7,484)	(10,200)	(17,684)
Segment income (loss) from operations	\$ 24,124	\$ 1,460	\$ 25,584	\$ 24,042	\$ (3,408)	\$ 20,634
Other corporate expenses			(19,717)			(17,823)
Income from operations			5,867			2,811
Other (expense) income:						
Interest expense, net			(3,633)			(2,463)
Other income, net			2,022			271
Change in fair value of warrant liability			74			2,117
Income before income tax provision			<u>\$ 4,330</u>			<u>\$ 2,736</u>

	<u>June 30,</u> <u>2025</u>	<u>December 31,</u> <u>2024</u>
Total Assets		
Asset Management Solutions	\$ 422,622	\$ 383,336
TechOps	208,889	205,655
Corporate	15,160	15,732
	<u>\$ 646,671</u>	<u>\$ 604,723</u>

	<u>Three Months Ended June 30,</u> <u>2025</u>	<u>2024</u>	<u>Six Months Ended June 30,</u> <u>2025</u>	<u>2024</u>
Total Depreciation and Amortization Expense				
Asset Management Solutions	\$ 3,025	\$ 2,266	\$ 6,373	\$ 3,828
TechOps	1,241	1,129	2,545	2,088
Corporate	262	260	553	518
	<u>\$ 4,528</u>	<u>\$ 3,655</u>	<u>\$ 9,471</u>	<u>\$ 6,434</u>

	<u>Six Months Ended June 30,</u> <u>2025</u>	<u>2024</u>
Total Capital Expenditures		
Asset Management Solutions	\$ 3,394	\$ 6,790
TechOps	1,776	5,420
Corporate	339	590
	<u>\$ 5,509</u>	<u>\$ 12,800</u>

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 contribution made by the supplying business segment. All intersegment transactions have been eliminated upon consolidation. Intersegment revenue for the three and six months ended June 30, 2025 and 2024, is as follows (in thousands):

	<u>Three Months Ended June 30,</u> <u>2025</u>	<u>2024</u>	<u>Six Months Ended June 30,</u> <u>2025</u>	<u>2024</u>
Asset Management Solutions	\$ 1,158	\$ 170	\$ 1,581	\$ 606
TechOps	938	2,019	4,033	7,597
Total intersegment revenue	<u>\$ 2,096</u>	<u>\$ 2,189</u>	<u>\$ 5,614</u>	<u>\$ 8,203</u>

NOTE M — STOCKHOLDERS' EQUITY

Common Stock

The Company's common stock, \$0.0001 par value, consists of 200,000,000 authorized shares, of which 47,093,869 and 53,252,563 shares were issued and outstanding as of June 30, 2025 and December 31, 2024, respectively.

On March 18, 2025, the Company repurchased, directly from a selling stockholder, 6,428,571 shares of the Company's common stock, par value \$0.0001 per share, at a price of \$7.00 per share for total consideration of \$45.0 million. The purchased shares were immediately retired.

2020 Equity Incentive Plan

The Company maintains a 2020 Equity Incentive Plan (the "2020 Plan") and has 10,200,000 shares of common stock issuable under the 2020 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 Compensation Committee of the Board. 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; and interpret and administer the 2020 Plan and any agreements and awards thereunder.

Restricted stock unit activity under the 2020 Plan for the six months ended June 30, 2025 and 2024 was as follows:

	Amount	Weighted Average Grant Date Fair Value
Outstanding at December 31, 2024	1,380,277	\$ 8.38
Granted	139,416	5.97
Forfeited	(99,626)	8.51
Vested	(322,960)	10.26
Expired	(10,404)	16.02
Outstanding June 30, 2025	<u>1,086,703</u>	<u>\$ 7.43</u>

	Amount	Weighted Average Grant Date Fair Value
Outstanding at December 31, 2023	532,399	\$ 14.82
Granted	1,145,530	7.07
Forfeited	(56,119)	14.58
Vested	(217,843)	14.90
Outstanding June 30, 2024	<u>1,403,967</u>	<u>\$ 8.51</u>

As of June 30, 2025, the unrecognized compensation costs related to restricted stock units were \$1.8 million. The Company expects to recognize these costs over a weighted average period of 1.2 years.

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 has 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 vesting is evaluated at each reporting period and compensation expense is adjusted based on the probability assessment.

As of June 30, 2025, the Company’s restricted stock units included 656,109 performance-based awards that have vesting provisions subject to both time vesting and the achievement of certain performance milestones at 100% and 200% vesting targets.

For the three and six months ended June 30, 2025, the Company did not recognize share-based compensation expense for the performance-based awards given that the achievement of the performance milestones have been deemed not probable for accounting purposes.

The share-based compensation expense related to Restricted Stock Units was \$0.6 million and \$0.8 million for the three months ended June 30, 2025 and 2024, respectively. The share-based compensation expense related to Restricted Stock Units was \$1.3 million and \$1.5 million for the six months ended June 30, 2025 and 2024, respectively.

The total grant date fair value of restricted stock awarded during the six months ended June 30, 2025 and 2024 was \$0.8 million and \$2.4 million, respectively.

Stock Options

Stock options granted under the 2020 Plan have exercise terms of 10 years and vest in equal installments of one-third of the total number of options granted on each of the first three anniversaries from the grant date beginning one year after the date of grant, and are assigned an exercise price equal to the closing stock price on the day prior to the date of grant. Options are expensed on a straight-line basis over the grant vesting period, which is considered to be the requisite service period. In order for the options to vest, the employee must be in the continuous employment of the Company since the date of the grant. Except for qualifying retirement after the nine-month anniversary of the grant date, any portion of the grant that has not vested will be forfeited upon termination of employment.

Under the 2020 Plan, the fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model. When determining expected volatility, the Company considers the historical volatility of the Company's stock price. The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the time of grant, based on the options' expected term.

Stock options activity under the 2020 Plan for the six months ended June 30, 2025 and 2024 was as follows:

	Amount	Weighted Average Exercise Price per Share	Weighted Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value (in thousands)
Outstanding at December 31, 2024	646,301	\$ 7.02	9.44	-
Granted	-	-	-	-
Forfeited	(38,646)	7.02	-	-
Expired	(32,205)	7.02	-	-
Outstanding at June 30, 2025	575,450	\$ 7.02	8.94	-
Exercisable at June 30, 2025	191,227	\$ 7.02	8.94	-

	Amount	Weighted Average Exercise Price per Share	Weighted Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value (in thousands)
Outstanding at December 31, 2023	-	\$ -	-	-
Granted	644,550	7.02	10.00	-
Forfeited	-	-	-	-
Outstanding at June 30, 2024	644,550	\$ 7.02	10.00	-
Exercisable at June 30, 2024	-	\$ -	-	-

As of June 30, 2025, the unrecognized compensation costs related to stock options was \$0.8 million. The Company expects to recognize those costs over a weighted average period of 1.5 years.

The share-based compensation expense related to stock options was \$0.3 million and \$0.1 million for the three months ended June 30, 2025 and 2024, respectively. The share-based compensation expense related to stock options was \$0.5 million and \$0.1 million for the six months ended June 30, 2025 and 2024, respectively.

The total grant date fair value of stock options awarded was \$2.4 million during the six months ended June 30, 2024. There were no stock options awarded during the six months ended June 30, 2025.

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. During the six months ended June 30, 2025 and 2024, the Company issued 39,754 and 48,202 shares, respectively, pursuant to the ESPP.

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 and the accompanying financial statements and related notes with AerSale’s Annual Report on Form 10-K for the year ended December 31, 2024 (the “2024 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 2024 Form 10-K and in any of AerSale’s subsequent reports filed with the Securities and Exchange Commission. Events relating to the possibility of customer demand fluctuations, supply chain constraints, continuing inflationary pressures, the effects of foreign currency fluctuations and high interest rates, geopolitical uncertainties including continuing hostilities and tensions, trade restrictions and sanctions, tariffs and retaliatory countermeasures. Should one or more of these risks or uncertainties materialize, actual outcomes, including the future results of AerSale’s operations, may vary materially from those indicated.

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 advanced technical repairs, modifications and products, which we market under the tradename “Engineered Solutions”, and other serviceable products.

Our Asset Management Solutions segment focuses on mid-life Flight Equipment. 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 to all Flight Equipment. 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 (the "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 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 ("R&D") that are expensed as incurred.

Although we are not aware of any specific event or circumstance that would require updates to our estimates or judgments, disruption in the global economy and financial markets, geopolitical instability, and government actions related to trade policies, tariffs and immigration continue to create uncertainty. We source parts and components for our business from various suppliers around the world. Current geopolitical conditions, including trade restrictive actions and strained intercountry relations, could cause significant materials and parts shortages, as well as delivery delays, labor shortages, distribution issues, energy cost increases and price increases. Furthermore, the U.S. government's adoption of new approaches to trade policy and imposition of tariffs on certain foreign goods (as well as the possibility of imposing significant, additional tariffs in the future) may make it more difficult or costly for us to procure components and other material supplies and, in turn, may increase the cost to our customers, which may materially and adversely impact demand for our products and services, our results of operations or our financial condition. We continue to monitor the current economic environment and its potential impact on our business, results of operations or financial condition, as well as potential impact on our end customers whose demand for our products and services may be adversely impacted as a result of changes in policies by the U.S. or other governments, and closely manage our costs and capital resources so that we can respond appropriately as circumstances change. Our estimates may change as new events occur and additional information is obtained. Actual results could differ from these estimates under different assumptions or conditions.

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 and in Note B within our consolidated annual financial statements in Part II, Item 8 of the 2024 Form 10-K.

Results of Operations

Three months ended June 30, 2025 compared to the three months ended June 30, 2024

Sales and gross profit for AerSale's two business segments for the three months ended June 30, 2025 and 2024 were as follows:

(in thousands, except percentages)	Three Months Ended June 30,		Percent Change
	2025	2024	
Revenue			
Asset Management Solutions			
Aircraft	\$ 10,419	\$ 9,110	14.4 %
Engine	65,846	32,689	101.4 %
	76,265	41,799	82.5 %
TechOps			
MRO	24,562	29,517	(16.8)%
Product Sales	6,555	5,785	13.3 %
	31,117	35,302	(11.9)%
Total	\$ 107,382	\$ 77,101	39.3 %

(in thousands, except percentages)	Three Months Ended June 30,		Percent Change	
	2025	2024		
Gross Profit				
Asset Management Solutions				
Aircraft	\$ 4,377	\$ 3,422	27.9 %	
Engine	22,580	11,939	89.1 %	
	26,957	15,361	75.5 %	
TechOps				
MRO	5,798	4,561	27.1 %	
Product Sales	2,582	1,798	43.6 %	
	8,380	6,359	31.8 %	
Total	\$ 35,337	\$ 21,720	62.7 %	

Total revenue for the three months ended June 30, 2025 increased \$30.3 million or 39.3% compared to the three months ended June 30, 2024, driven by an increase of \$34.5 million, or 82.5%, in revenue within Asset Management Solutions, offset by a decrease of \$4.2 million, or 11.9%, in revenue within TechOps.

Asset Management Solutions

Sales in the Asset Management Solutions segment increased \$34.5 million or 82.5%, to \$76.3 million for the three months ended June 30, 2025, due to a \$1.3 million, or 14.4%, increase in revenue from Aircraft and a \$33.2 million, or 101.4%, increase in revenue from Engine. The increase in Aircraft revenue is due to higher leasing activity in the B757 product line in the amount of \$1.1 million. The increase in Engine revenue is primarily attributable to higher activity in the PW4000 and CF6-80 product lines due to higher Flight Equipment sales in the amount of \$16.6 million, higher leasing activity of \$2.7 million, and higher USM sales of \$13.9 million, as we monetize our previous feedstock acquisitions.

Cost of sales in Asset Management Solutions increased \$22.9 million or 86.5%, to \$49.3 million for the three months ended June 30, 2025, compared to the prior year period. The increase in cost of sales was primarily driven by the sales increase discussed above. Gross profit in the Asset Management Solutions segment increased \$11.6 million, or 75.5%, to \$27.0 million for the three months ended June 30, 2025, compared to the three months ended June 30, 2024. The gross profit increase is mainly attributable to higher revenue generated for the three months ended June 30, 2025, as noted above.

Aircraft gross profit margins increased to 42.0% for the three months ended June 30, 2025, from 37.6% for the three months ended June 30, 2024 due to higher margin contribution from leasing revenue and USM product mix. Engine gross profit margin was 34.3% for the three months ended June 30, 2025, a decrease from 36.5% for the three months ended June 30, 2024, which was primarily the result of lower margins on USM sales due to product mix.

TechOps

Our revenue from TechOps decreased by \$4.2 million or 11.9%, to \$31.1 million for the three months ended June 30, 2025, compared to the prior year period. The decrease was driven by lower sales volume in our Goodyear, Arizona and Roswell, New Mexico facilities, partly offset by higher revenue from the Company's component MROs.

Cost of sales in TechOps decreased \$6.2 million or 21.4%, to \$22.7 million for the three months ended June 30, 2025 compared to the prior year period. This was driven by lower revenue as discussed above and a shift to more profitable work. Gross profit in TechOps increased \$2.0 million, or 31.8% for the three months ended June 30, 2025 compared to the three months ended June 30, 2024, driven by higher gross profit of \$1.2 million on MRO services, as a result of focus on higher margin opportunities and implementation of process efficiencies that allowed us to increase gross margins, which fully offset lower revenue. Gross profit margin increased to 26.9% for the three months ended June 30, 2025 compared to 18.0% for the prior year period, due to the initiatives discussed above which increased MRO margins from 15.5% in the prior year period to 23.6% for the three months ended June 30, 2025.

Selling, General and Administrative Expenses

Selling, general and administrative expenses decreased \$0.7 million, or 3.2% to \$22.8 million for the three months ended June 30, 2025, compared to the prior year period. The decrease was related to efficiency initiatives implemented in the first and second quarters of 2025 primarily focused on our MROs.

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 each of the three months ended June 30, 2025 and 2024, we recorded a \$0.1 million change in fair value of warrant liability income.

Interest Expense, Net

Interest expense, net was \$2.5 million for the three months ended June 30, 2025, compared to \$1.5 million interest expense, net for the three months ended June 30, 2024. The increase in interest expense is primarily driven by higher borrowings under our debt facilities during the current year period driven by increased feedstock acquisitions to continue our growth and funding of a stock buyback executed in the first quarter of 2025.

Income Taxes

The effective tax rate for the three months ended June 30, 2025, was 17.0% compared to (15.8%) for the three months ended June 30, 2024. The difference between the effective tax rate and the statutory tax rate of 21% for the three months ended June 30, 2025, is primarily due to the impact of state income taxes, offset by the foreign derived intangible income deduction and R&D tax credits. The difference between the effective tax rate and the statutory tax rate of 21% for the three months ended June 30, 2024 was primarily due to the exclusion of the foreign derived intangible income deduction and the change in fair market value of the warrants.

Six months ended June 30, 2025 compared to the six months ended June 30, 2024

Sales and gross profit for AerSale's two business segments for the six months ended June 30, 2025 and 2024 were as follows:

(in thousands, except percentages)	Six Months Ended June 30,		Percent Change
	2025	2024	
Revenue			
Asset Management Solutions			
Aircraft	\$ 17,769	\$ 25,448	(30.2)%
Engine	97,709	75,613	29.2 %
	115,478	101,061	14.3 %
TechOps			
MRO	45,715	55,365	(17.4)%
Product Sales	11,965	11,215	6.7 %
	57,680	66,580	(13.4)%
Total	\$ 173,158	\$ 167,641	3.3 %

(in thousands, except percentages)	Six Months Ended June 30,		Percent Change
	2025	2024	
Gross Profit			
Asset Management Solutions			
Aircraft	\$ 5,953	\$ 8,259	(27.9)%
Engine	33,053	29,754	11.1 %
	39,006	38,013	2.6 %
TechOps			
MRO	9,787	9,477	3.3 %
Product Sales	4,509	3,026	49.0 %
	14,296	12,503	14.3 %
Total	\$ 53,302	\$ 50,516	5.5 %

Total revenue for the six months ended June 30, 2025 increased \$5.5 million or 3.3% compared to the six months ended June 30, 2024, driven by an increase of \$14.4 million, or 14.3%, in revenue within Asset Management Solutions and a decrease of \$8.9 million, or 13.4%, in revenue within TechOps.

Asset Management Solutions

Sales in the Asset Management Solutions segment increased \$14.4 million or 14.3%, to \$115.5 million for the six months ended June 30, 2025, due to a \$22.1 million, or 29.2%, increase in revenue from Engine; offset by a \$7.7 million, or 30.2%, decrease in revenue from Aircraft. The increase in Engine revenue is primarily attributable to increased activity in the CF6-80 and PW4000 product lines as a result of higher USM sales in the amount of \$25.3 million and higher leasing revenue in the amount of \$6.5 million, partly offset by lower sales of Flight Equipment. The decrease in Aircraft revenue is primarily attributable to decreased activity in the B737 product line due to lower Flight Equipment sales in the amount of \$12.3 million, partially offset by higher leasing revenue from the B757 product line.

Cost of sales in Asset Management Solutions increased \$13.4 million, or 21.3%, to \$76.5 million for the six months ended June 30, 2025, compared to the prior year period. The increase in cost of sales was primarily driven by higher costs on USM sales driven by the sales increase noted above. Gross profit in the Asset Management Solutions segment increased \$1.0 million, or 2.6%, to \$39.0 million for the six months ended June 30, 2025, compared to the six months ended June 30, 2024. The gross profit increase is mainly attributable to the margin generated on higher leasing revenue and USM product mix for the six months ended June 30, 2025, as noted above.

Aircraft gross profit margin increased to 33.5% for the six months ended June 30, 2025, from 32.5% for the six months ended June 30, 2024, due to higher margins on USM product mix and leasing revenue. Engine gross profit margin was 33.8% for the six months ended June 30, 2025, a decrease from 39.4% for the six months ended June 30, 2024, which was primarily due to changes in the USM product mix, offset by higher margin on leasing revenue.

TechOps

Our revenue from TechOps decreased by \$8.9 million, or 13.4%, to \$57.7 million for the six months ended June 30, 2025, compared to the prior year period. The decrease was primarily driven by lower MRO services.

Cost of sales in TechOps decreased \$10.7 million, or 19.8%, to \$43.4 million for the six months ended June 30, 2025, compared to the prior year period, driven by the lower revenue discussed above. Gross profit in TechOps increased \$1.8 million, or 14.3% for the six months ended June 30, 2025, compared to the six months ended June 30, 2024, driven by higher profit generated on product sales. Gross profit margin increased to 24.8% for the six months ended June 30, 2025 compared to 18.8% for the six months ended June 30, 2024, and was largely attributable to higher margins from the Company's on airport and Landing Gear MROs.

Selling, General and Administrative Expenses

Selling, general and administrative expenses decreased \$0.3 million, or 0.6% to \$47.4 million for the six months ended June 30, 2025, compared to the prior year period. The decrease was primarily related to efficiency initiatives implemented in the first and second quarters of 2025 that offset inflationary cost increases.

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 six months ended June 30, 2025, we recorded a change in fair value of the warrant liability income of \$0.1 million, compared to a \$2.1 million income in the prior year period.

Interest Expense, Net

Interest expense, net, was \$3.6 million for the six months ended June 30, 2025, compared to \$2.5 million for the six months ended June 30, 2024. This was primarily related to interest expense incurred on higher borrowings under our debt facilities during the current year period compared to the prior period related to increased feedstock acquisitions to continue our growth and funding of the stock buyback executed in the first quarter of 2025.

Income Taxes

The effective tax rate for the six months ended June 30, 2025, was 23.8% compared to 3.5% for the six months ended June 30, 2024. The difference between the effective tax rate and the statutory tax rate of 21% for the six months ended June 30, 2025, is primarily due to the impact of state income taxes, offset by the foreign derived intangible income deduction and R&D tax credits. The difference between the effective tax rate and the statutory tax rate of 21% for the six months ended June 30, 2024 was primarily due to the benefit of R&D credits, change in fair market value of the warrants, and amended state tax returns.

Financial Position, Liquidity and Capital Resources

As of June 30, 2025, we had \$5.7 million of cash and cash equivalents. We finance our growth through cash flows generated from operations and borrowings secured by our assets. We had \$114.5 million outstanding under the Revolving Credit Agreement (as defined below) as of June 30, 2025, and we had \$63.1 million of availability thereunder. We used cash in operations of \$25.4 million for the six months ended June 30, 2025, primarily for feedstock acquisitions, and used cash in investing activities of \$3.8 million for the six months ended June 30, 2025.

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 twelve 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, including events beyond our control such as a potential tightening of debt capital markets, including in response to the implementation of new tariffs as part of the U.S. trade policy and any reciprocal or retaliatory tariffs thereto, 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.

On March 18, 2025, the Company repurchased, directly from a selling stockholder, 6,428,571 shares of the Company's common stock, par value \$0.0001 per share, at a price of \$7.00 per share for total consideration of \$45.0 million.

Cash Flows— Six months ended June 30, 2025 compared to the six months ended June 30, 2024

Cash Flows from Operating Activities

Net cash used in operating activities was \$25.4 million for the six months ended June 30, 2025, compared to cash used of \$36.8 million for the same period in 2024. The decrease in cash deployed of \$11.4 million was primarily due to higher USM sales and higher results from operations during the six months ended June 30, 2025 compared to the prior year period.

Cash Flows from Investing Activities

Net cash used in investing activities was \$3.8 million for the six months ended June 30, 2025, compared to cash used of \$9.0 million in the same period for 2024. Cash used in investing activities was driven by purchases of property and equipment during the six months ended June 30, 2025 and June 30, 2024 due to the completion of the Company's expansion projects.

Cash Flows from Financing Activities

Net cash provided by financing activities was \$30.2 million for the six months ended June 30, 2025, compared to cash provided of \$44.2 million in the same period for 2024. Cash provided by financing activities during the six months ended June 30, 2025 resulted from borrowing under our Revolving Credit Agreement, offset by cash used in the repurchase of common stock in the first quarter of 2025. Cash provided by financing activities during the six months ended June 30, 2024 is the result of proceeds from net borrowings under the CIBC Equipment Loan (as defined below) and net borrowings under the Revolving Credit Agreement (as defined below).

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, and is subject to contractual restrictions. Extensions of credit under the Revolving Credit Agreement are available for working capital and general corporate purposes.

As of June 30, 2025, there was \$114.5 million outstanding under the Revolving Credit Agreement and we had \$63.1 million of availability thereunder. We were in compliance with our debt covenants for the Revolving Credit Agreement as of June 30, 2025.

CIBC Equipment Loan

On November 22, 2024, the Company entered into a property and equipment revolving term loan (the “CIBC Equipment Loan”) with a total advance commitment of \$10.0 million for the purpose of financing capital expenditures on property and equipment. Advances made by the lender are convertible into term loans at the option of the lender at a rate of SOFR plus 3.0% and have a maturity date of thirty-six (36) months from the term loan conversion date. Advances under this loan are collateralized by the property and equipment it finances and require interest only payments until converted to a term loan, at which point, principal and interest payments are required.

During the six months ended June 30, 2025, the Company borrowed \$0.2 million, which has not been converted to a term loan as of June 30, 2025. As of June 30, 2025, \$1.7 million remained outstanding under this facility.

We were in compliance with our debt covenants for the CIBC Equipment Loan as of June 30, 2025.

Off-Balance Sheet Arrangements and Contractual Obligations

We did not have any off-balance sheet arrangements as of June 30, 2025. Refer to Note Q – Leases, within our consolidated annual financial statements in our 2024 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 valued at \$7.3 million for the acquisition of technical equipment for manufacturing our AerAware™ product. The commitment is expected to be satisfied in 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 revenue 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 2024 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 six months ended June 30, 2025, 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 CIBC Equipment Loan, which have variable interest rates tied to the Secured Overnight Financing Rate. As of June 30, 2025, we had \$114.5 million outstanding variable rate borrowings under the Revolving Credit Agreement and \$1.7 million outstanding variable rate borrowings under the CIBC Equipment Loan. A ten percent increase in the average interest rate affecting our variable rate debt outstanding as of June 30, 2025 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 and six months ended June 30, 2025.

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 of 1934, as amended (the “Exchange Act”)), as of June 30, 2025.

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 June 30, 2025.

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) that occurred during the quarter ended June 30, 2025 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

From time to time the Company is subject to litigation incidental to the operation of the business. The Company intends to vigorously defend all matters in which the Company is named as a defendant, 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 2024 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 Terminations

During the fiscal quarter ended June 30, 2025, 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 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	
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

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed/ Furnished Herewith
		Form	File No.	Exhibit	Filing Date	
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	
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	
10.1	Second Amendment to the AerSale Corporation 2020 Equity Incentive Plan.	S-8	333-288567	99.3	07/08/2025	
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: August 7, 2025

By: /s/ Nicolas Finazzo
Nicolas Finazzo
Chairman, Chief Executive Officer, and Director
(*Principal Executive Officer*)

Date: August 7, 2025

By: /s/ Martin Garmendia
Martin Garmendia
Chief Financial Officer and Treasurer
(*Principal Financial and Accounting Officer*)

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: August 7, 2025

By: _____ /s/ Nicolas Finazzo

Nicolas Finazzo
Chairman, Chief Executive Officer, and Director
(Principal Executive Officer)

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: August 7, 2025

By: /s/ Martin Garmendia

Martin Garmendia
Chief Financial Officer and Treasurer
(Principal Financial and Accounting Officer)

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