

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2024

OR

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

For the transition period from to

Commission File Number 001-38801

AerSale Corporation

(Exact name of Registrant as specified in its Charter)

Delaware

(State or other jurisdiction of incorporation or organization)

9850 NW 41st Street, Suite 400

Doral, Florida

(Address of principal executive offices)

84-3976002

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

33178

(Zip Code)

(305) 764-3200

(Registrant’s telephone number, including area code)

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, par value \$0.0001 per share	ASLE	The Nasdaq Capital Market

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

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 has filed a report on and attestation to its management’s assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant’s executive officers during the relevant recovery period pursuant to § 240.10D-1(b). ☐

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

The aggregate market value of voting common stock held by non-affiliates of the registrant, based on the closing price of \$6.92 for shares of the registrant’s common stock on The Nasdaq Capital Market on June 28, 2024, the last business day of the registrant's most recently completed second fiscal quarter, was approximately \$240 million. Shares of common stock beneficially owned by each executive officer, director, and holder of more than 10% of our common stock have been excluded in that such persons may be deemed to be affiliates.

The number of shares of registrant’s common stock outstanding as of March 6, 2025 was 53,278,368.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant’s definitive Proxy Statement for the registrant’s 2025 Annual Meeting of Stockholders to be filed with the Securities and Exchange Commission within 120 days of the end of the registrant’s fiscal year ended December 31, 2024 are incorporated by reference into Part III of this Annual Report on Form 10-K.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K (this “Annual 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 Annual Report may constitute forward-looking statements, and include, but are not limited to, changes in the market for our services; changes in applicable laws or regulations; the ability to launch new services and products or to profitably expand into new markets; 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 Annual 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 Annual Report and are subject to a number of important factors that could cause actual results to differ materially from those in the forward-looking statements, including the factors described under the sections in this Annual Report titled “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations.”

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 Annual Report and the documents that we reference in this Annual 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 Annual Report to the “Company,” “AerSale,” “we,” “us,” “our” and similar terms refer to AerSale Corporation and its consolidated subsidiaries.

SUMMARY RISK FACTORS

Our business is subject to numerous risks and uncertainties, including those described in Part I, Item 1A. “Risk Factors” in this Annual Report. You should carefully consider these risks and uncertainties when investing in our shares of common stock. The principal risks and uncertainties affecting our business include the following:

Risks Related to AerSale’s Business and Industry

- disruptions in supply chain;
- factors that adversely impact the commercial aviation industry;
- the fluctuating market value of our 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, which is dependent upon continued outsourcing by airlines;
- shortage of skilled personnel or work stoppages;
- the inability to obtain certain components and raw materials from suppliers;
- the highly competitive nature of the markets in which we operate;
- risks associated with our international operations;
- the 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;
- intellectual property 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 ventures 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;

Strategic and Financial Risks

- 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 and future indebtedness;
- limitations of our current and future operations from restrictive covenants contained in documents governing our indebtedness;
- unanticipated changes in our tax provision;
- possible goodwill and other asset impairments;
- changes in interest rates and foreign currency exchange rates;

Legal and Regulatory 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, export control laws, import control laws, trade and economic sanction laws and other laws governing our operations;

- current or future regulatory proceedings or litigation including product liability, intellectual property disputes and other 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 by legal, regulatory or market responses to such change;

Risk Factors Related to 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;
- lack of analyst coverage for our common stock;
- actual or anticipated sales of significant amounts of our common stock;
- the fact that we do not intend to pay dividends on our common stock for the foreseeable future;

General Risk Factors

- insolvency of our customers; and
- the adverse effect of negative economic conditions.

PART I

ITEM 1 BUSINESS

Corporate History and Background

Monocle Acquisition Corporation (“Monocle”) was initially formed as a Delaware corporation 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, the Company, AerSale Aviation, Inc. (f/k/a AerSale Corp.), a Delaware corporation (“AerSale Aviation”), Monocle Merger Sub 1 Inc., a Delaware corporation (“Merger Sub 1”), Monocle Merger Sub 2 LLC, a Delaware limited liability company (“Merger Sub 2”), and Leonard Green & Partners, L.P., a Delaware limited partnership, solely in its capacity as the initial Holder Representative (as defined in the Merger Agreement). The transactions contemplated by the Merger Agreement are referred to herein as the “Merger” or the “Business Combination” and in connection therewith, Monocle merged with and into us, whereby we survived the merger and became the successor issuer to Monocle by operation of Rule 12g-3 under the 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, 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. In connection with the closing of the Business Combination, 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.

Overview of Business and Operations

Our mission is to provide full-service support to owners and operators of mid-life commercial aircraft who lack the infrastructure and/or expertise to cost effectively maintain such aircraft during the second half of their operating life through their retirement from service. By providing a one-stop shop that integrates multiple service and product offerings, we save our customers time and money, while providing value to our stockholders through our operating efficiency. We were founded in 2008 by Nicolas Finazzo and Robert B. Nichols as a platform to serve the aviation aftermarket. In early 2010, we partnered with private equity firm Leonard Green & Partners, L.P. to scale our business and finance the creation of a purpose built and fully integrated aviation company. Since our founding, we have established a global footprint and scalable platform for growth.

Our business is comprised of two reporting segments: Asset Management Solutions and Technical Operations (“TechOps”), which, taken together, provide comprehensive support to owners and operators of used commercial aircraft.

Asset Management Solutions

Our Asset Management Solutions segment, which represented approximately 62% and 64% of our revenue during the fiscal years ended December 31, 2024 and 2023, respectively, acquires Flight Equipment from airlines and leasing companies as feedstock to support our business activities. Asset Management Solutions activities include the sale and lease of aircraft and engines, as well as the disassembly of these assets for component parts (such as used serviceable material (“USM”)) that can be utilized to support third-party sales and lower the cost to maintain our portfolio of leased assets. Our aircraft and engines generally provide highly customized full-service, short-term lease support, where an operator is provided with a turn-key piece of Flight Equipment that can meet the customer’s specific needs. Our business model provides an alternative to the procurement of new aircraft, engines and parts traditionally sold by original equipment manufacturers (“OEMs”) or delivered new and leased by pure-play aircraft and engine leasing companies. Because we have created the infrastructure to market through alternative channels, we are able to maximize financial returns on Flight Equipment by cost-effectively placing such assets in the secondary market for the balance of their operating life, and upon retirement from service, extracting their greatest residual value by disassembling Flight Equipment assets to the piece-part level for re-use as USM. We do this by utilizing our integrated business units to maximize the sum of each asset’s alternative revenue streams, ranging from their sale or lease as whole operating assets, down to utilizing their collective individual components to serve as USM feedstock or to lower our leasing and operating costs related to MRO services. We also offer our integrated Asset Management Solutions services to third-party clients who lack the expertise and/or infrastructure to optimize their Flight Equipment investments. We lease engines and airframes primarily as a means of extracting value from the remaining operating life of an asset prior to disassembly for USM parts. We focus primarily on highly customized aircraft leases or short-term engine leasing where we can demand a lease premium, and we utilize our USM and MRO capabilities to fully meet all maintenance needs, which allow us to fully monetize collected maintenance reserves. After disassembly, we utilize the pieces as low-cost spare parts feedstock to support our various other business segments, including USM part sales, and in conjunction with our third-party maintenance operations. Consequently, the vast majority of aircraft and engines that we have acquired have ultimately been disassembled for their USM parts once the full value of their remaining operating life has been extracted.

TechOps

Our TechOps segment, which represented approximately 38% and 36% of our revenue during the fiscal years ended December 31, 2024 and 2023, respectively, provides nose-to-tail MRO services on the most popular commercial aircraft, engines, and components that serve the passenger, cargo, and government sectors. Through our collective U.S.-based MRO facilities, we provide extensive maintenance and modification services for aircraft and their individual components. Our aircraft facilities located in Goodyear, Arizona, Roswell, New Mexico, and Millington, Tennessee collectively feature approximately 760,000 square feet of hangar space, from which we provide high-quality airframe MRO services, structural modification, conversions, and flight system upgrades, including disassembly and re-cycling operations for retiring aircraft. We additionally offer convenient long-term storage capacity for up to 650 aircraft in ideal dry-desert conditions.

At the individual component level, our facilities located in Miami, Florida, Rio Rancho, New Mexico, and Millington, Tennessee collectively offer specialized component MRO capabilities and services covering hydraulics,

composites, pneumatics, fuel systems, electro-mechanical assemblies, interiors, painting, flight controls, nacelles, and landing gear for passenger, cargo, and military aircraft applications.

Our TechOps segment leverages its robust engineering team to provide highly specialized technical support to our MRO facilities, as well as to develop advanced technical repairs, modifications and products, which we market under the tradename “Engineered Solutions.” This business unit includes the design, manufacture, and installation of new products, systems, and services that can enhance aircraft performance, safety, and service life at lower costs than traditionally expensive OEM products and services. Engineered Solutions also serves to lower the cost of Flight Equipment ownership with savings on MRO-related expenses, including compliance with mandatory and market-driven equipment upgrades. These cost-saving solutions are approved by the Federal Aviation Administration (“FAA”) under Supplemental Type Certificates (“STCs”), which provide us with the unique ability to perform these modifications. We use our FAA-approved Parts Manufacturing Authority (“PMA”) to integrate third party components in developing our STC solutions. We have also obtained approval from various foreign regulatory authorities to validate our STCs and PMA products for use by operators outside of the United States.

One example of our Engineered Solutions is our AerSafe® product line. We designed and received FAA approval to market AerSafe® as a solution for compliance with an FAA mandate to mitigate aircraft fuel tank flammability on Boeing and Airbus aircraft. AerSafe® has also been approved for installation on certain aircraft models that are regulated by the European Aviation Safety Agency (“EASA”) and the National Civil Aviation Agency of Brazil. Another example of our Engineered Solutions is our AerAware™ product, an industry-leading, next generation Enhanced Flight Vision System (“EFVS”) that has received approval by the FAA for the Boeing B737NG product line.

Competition

The aviation aftermarket is highly competitive with many participants, including Flight Equipment OEMs, MRO providers, airlines, aircraft and engine leasing companies, financial sponsors, USM sales organizations, and other independent manufacturers and service providers. The vast majority of participants compete within smaller subsets of our broader products and services offerings. Frequently, our competitors specialize in one or a limited number of areas within the following segments: aircraft MRO, engine MRO, Engineered Solutions, aircraft leasing, engine leasing, USM part sales, and asset management. Further, many component MRO providers specialize in a small subset of repairs related to specific components or materials, such as composites, pneumatics, hydraulics, electronics, landing gear, wheels and brakes, and auxiliary power units.

Consumers of aftermarket Flight Equipment products and services typically make buying decisions based on a variety of factors including quality, pricing, availability, provider reputation, technical specification, prior operating history, turnaround time, geographic location and financial terms.

Our Asset Management Solutions segment competitors include AAR Corp., AerCap, Delta Air Lines, Inc., GA Telesis, LLC, Kellstrom Aerospace, Heico Corporation, Willis Lease Finance Corp, Air Transport Services Group, LLC, Unical Aviation, Inc, Satair Group and Aviall, Inc, while competitors to our TechOps segment include AAR Corp., Aviation Technical Services, Inc., HAECO Americas, MRO Holdings, Inc., ST Engineering North America, Air Transport Services Group, LLC, Delta TechOps, TransDigm Group, VSE Corporation, Woodward, Inc., and Lufthansa Technik AG. Though our product and service offerings include certain aircraft and engine leasing activities, we do not view large pure-play aircraft and engine leasing companies as core competitors, as those companies are primarily centered around cost of capital and financial securitization products, and frequently choose to divest mid-life assets as they lack the technical and mechanical capabilities to deal with assets that have exited the OEM warranty periods.

Certain of our competitors have substantially greater marketing, financial, technical and infrastructure resources than we do, and may additionally provide complementary sales and services capabilities that we do not currently offer. As a result, certain of our competitors may be able to deliver a broader range of aftermarket Flight Equipment products and services at more attractive pricing. As such, we choose to target services and products where our synergic capabilities provide us a competitive advantage and allow us to be more responsive to the evolving needs of mid-life aircraft owners, operators, MRO providers and financial sponsors. We believe that the market insights, technical capabilities and financial expertise that we bring together through our Asset Management Solutions and TechOps offerings are particularly well

suited to meet the comprehensive needs of mid-life Flight Equipment customers, with a fuller range of value-added products and services than most of our competitors.

Competitive Strengths

Our competitive strengths are focused on institutionalized processes to drive profitability by maximizing Flight Equipment values across the second half of their life cycle. We believe our data-driven approach, highly attuned staff, proprietary analytical tools, and formalized decision-making processes give us a unique platform to drive value within the aviation aftermarket.

Our ability to provide cost saving alternatives to support our customers across the entire range of Flight Equipment, from the whole aircraft down to the individual component parts level, is crucial to our ability to maximize value and profitability. By offering a comprehensive suite of products and services, we are able to enjoy a competitive edge in the marketplace as a “one-stop” source for full aircraft, engine and USM spare parts support, bundled with comprehensive MRO solutions. This integration of services facilitates significant cross-selling opportunities among our various business units as many of our customers depend on the products and services provided by both our Asset Management Solutions and TechOps business segments. In totality, the breadth of these capabilities allows us to optimally service our customers’ needs, providing them increased fleet flexibility while reducing downtime. Similarly, these capabilities lower the cost of ownership of our own Flight Equipment. At the same time, our participation in upstream aircraft and engine transactions also provides valuable market insights regarding operating fleet trends that feed our key downstream supply and demand modeling inputs, enhancing our MRO and USM parts investment decisions.

As a consistent source of aftermarket USM parts, we provide our customers with a safe and widely-accepted low-cost alternative to purchasing new OEM replacement parts. Our ability to cost-efficiently source USM parts through aftermarket Flight Equipment acquisitions and lease portfolio retirements enables us to profitably monetize aircraft and engines that otherwise would have limited economic benefit as an operating whole asset. We are additionally able to leverage our component MRO capabilities to extend the serviceable life of many USM components and systems. Consequently, our ability to increase our USM return to service yield reduces our associated return to service expenses and serves to drive incremental margin on USM part sales, while also lowering the cost of replacement parts required to maintain our portfolio aircraft and engines.

We have a competitive advantage over most of our MRO competitors as one of the select aviation aftermarket companies that has the necessary technical and operational resources to hold FAA “unlimited” repair station ratings for both our airframe and component MRO operations. These comprehensive FAA ratings are no longer granted; however, our unlimited ratings were “grandfathered” and are held by our longstanding MRO subsidiary companies. This enables us to fast track the implementation of certain new MRO capabilities through an established FAA approved “self-certification” procedure, while avoiding the typically longer approval lead-times associated with standard FAA repair station capability certification. Consequently, we believe our ability to efficiently innovate and bring to market new proprietary repairs and modifications for both aircraft and their components meaningfully enhances our responsiveness to the evolving needs of our customers, while also giving us the flexibility to pursue a significantly wider range of market growth opportunities.

Growth Strategies

We intend to pursue opportunities that are well aligned with our existing capabilities, which will continue to differentiate our business.

- *Broaden our MRO Capabilities.* We plan to utilize our FAA “unlimited” repair station licenses to develop new capabilities, while augmenting brand loyalty with a growing range of MRO services to support our customers’ needs. The MRO segment is accretive to our Asset Management Solutions business and provides incremental opportunities to supplement our MRO customers with Flight Equipment and USM spare parts once we have established an initial MRO service relationship.

- *Expand Our Government Presence.* Many of the commercial aircraft and engines for which we provide products and services have equivalent or derivative aircraft and engine platforms that are used by various branches of the military and civilian government agencies. As government funding is stable and uncorrelated with the commercial aviation cycle, we view this as an important growth market. We intend to increasingly focus on capturing additional USM parts sales in addition to MRO service opportunities, directly with these government customers, or through subcontracting arrangements with government contractors.
- *Introduce New Engineered Solutions.* Our Engineered Solutions offerings provide a critical value-add for customers through the introduction of proprietary alternative products, repairs and modifications which we develop to enhance aircraft performance, reliability, safety, regulatory compliance, service life, and cost-of-ownership economics. The breadth of services and capabilities that we provide our extensive customer base promotes our early identification and development of new solutions to address their evolving needs. We plan to continue to invest in new Engineered Solutions that create value for our customers and are accretive to the expansion and profitability of our MRO operations. We believe that we are well positioned to develop and market these solutions given our deep knowledge of maintenance intensive mid-life aircraft, our broad range of engineering and MRO capabilities, and our extended market reach as a global provider of Flight Equipment sales, leasing, MRO and USM parts sales.
- *Expand Our Geographical Footprint.* We believe the growth in the international aviation sector represents a compelling opportunity to leverage our existing capabilities to serve a broader set of foreign aircraft owners, operators, OEMs and MRO customers. As international fleets continue to grow in size and age in both established and emerging markets, we expect to play an increasing role in supplying Flight Equipment spares, MRO support, and USM parts to burgeoning markets that currently lack a mature infrastructure to meet this demand.
- *Pursue Strategic Acquisitions.* Our business has grown organically and through acquisitions since our founding. We have a proven track record of successfully expanding our capabilities through acquisitions, including our acquisition of Great Southwest Aviation (rebranded as AerSale - Roswell) in 2010, Aero Mechanical Industries (rebranded as AerSale Landing Gear Solutions) in 2015, Goodyear Maintenance Facility in 2017 (rebranded as AerSale – Goodyear), Avborne Accessory Group (rebranded as AerSale Component Solutions) in 2018, Qwest Air Parts in 2019, Q2 Aviation in 2019 and Aircraft Composite Technologies (rebranded as AerSale AeroStructures-Miami) in 2020. We will continue to evaluate opportunities to acquire businesses that meet our financial return profile and execute on these transactions where there is an opportunity to enhance our value proposition by integrating the operations of such businesses into our existing offerings of products and services.

Customers

We sell to more than 1,000 customers worldwide. Non-U.S. customers accounted for approximately 37% of our total revenue for 2024. Our principal customers are comprised of domestic and foreign passenger airlines, cargo operators and governmental agencies. We also sell our products and services to a broad range of companies that provide aftermarket Flight Equipment support services, including OEMs, MRO providers, financial sponsors and leasing companies.

We believe that the breadth of our MRO capabilities and supporting services create a compelling customer care and value proposition that fosters brand loyalty, and significantly contributes to the recurring nature of our business. In the year ended December 31, 2024, nine of our top ten customers by revenue had been customers for five years or more, and 73% of revenue from our top 100 customers was generated from sales from customers utilizing more than one of our service offerings.

We primarily use the US Dollar as our functional currency in all markets in which we operate in order to reduce our foreign currency market risk.

Sales and Marketing

We employ a sales force of 38 individuals. We utilize a matrixed marketing approach, where our individual business segments dedicate resources to market directly to their respective customer audience, while our regional sales specialists co-market our combined product and service offerings to clients within their territories. Given the technical nature of our business, business unit-specific technical staff frequently participate in marketing presentations and campaign developments in support of marketing initiatives spanning the sale, lease and MRO of aircraft, engines and their components.

We primarily market and sell our products and services through our direct sales force. On occasion, we utilize contract services to assist in specific client-targeted sales efforts. In addition, we utilize foreign representation in certain regional markets outside of the United States. We augment our direct customer marketing efforts with industry event sponsorships, conference participation, press release broadcast, web site promotion and social media initiatives, in addition to trade publication announcements, advertising and periodical article contributions.

Research and Development

We embrace a customer centric approach to supporting our clients with new value-add products and services designed to enhance Flight Equipment performance, lower the cost of maintenance, improve reliability and extend service life, while reducing the associated cost-of-ownership. Key initiatives to support our customers' reduced cost of ownership include reduced down-time, lower cost USM alternatives, Flight Equipment lease versus own options, innovative aircraft modification and upgrade services, and propriety component repair regimes.

Because our customers utilize our entire range of services, from whole aircraft MRO through individual component MRO, we frequently receive valuable insights as to evolving customer needs and desires. These inputs are regularly provided to our senior managers and technical personnel to identify and quantify opportunities for developing new products and services. Where the business case warrants, our engineers and technicians are tasked to develop, test and introduce new Engineered Solutions, including proprietary repairs not identified in existing repair manuals, and STCs for new products designed to provide value to our customers.

Our ability to bring new Engineered Solutions to market is made possible through our in-depth knowledge of the requirements promulgated by respective airworthiness regulatory agencies like the FAA, in addition to non-mandatory recommendations issued by OEMs. The engineering and regulatory authority certification process varies widely by product application and region, and we look to contract with third-party manufacturers and/or channel partners on an as-needed basis to assist in obtaining certain regulatory agency approvals.

We believe that our "unlimited" airframe and component FAA repair station certifications, PMA authority, and deep technical expertise position us to efficiently identify and implement new Engineered Solutions and proprietary component repairs, which is an important differentiator for our industry.

Government Regulation

The FAA regulates the manufacture, repair and operation of all aircraft, including engines, components and parts, operated in the United States, to ensure that all aircraft and aviation equipment are continuously maintained in proper condition for safe operation. Similar rules and regulatory authorities exist in other countries. The inspection, maintenance and repair procedures for the various types of aircraft and equipment are prescribed by these regulatory authorities and can be performed only by certified repair facilities utilizing certified technicians. Certification and conformance are required prior to installation of Flight Equipment components, including aircraft released into operating service. We operate six FAA/EASA certified repair stations, in addition to holding various other international airworthiness authority approvals, which are repair station facility specific. Our repair station facilities are required by the FAA to hold pertinent certification approvals for the products and MRO services that we provide for our customers, and we are required to adhere to all relevant FAA rules and regulations as a condition to maintaining those certifications.

Certain of our Engineered Solutions include products that are authorized by the FAA through issuance of STC approval for their respective application. Others involve proprietary repairs that we develop internally in compliance with authorities granted by the FAA under our “unlimited” repair station licensing for applicable airframe and engine component categories. We facilitate the production of certain of our Engineered Solutions through the manufacture of new parts in accordance with our FAA approved PMA certifications, as well as the manufacture of certain new replacement parts under our FAA repair station authorities. We also employ FAA certified personnel called “Designated Airworthiness Representatives” and “Designated Engineering Representatives” to facilitate our MRO operations through the development and regulatory approval of specialized airframe and component designs, repairs, modifications, and installations. We rely on these FAA approvals to market our Engineered Solutions to third parties, as well as to utilize them on our own Flight Equipment. We believe the depth of technical and operational qualifications required to attain these FAA regulatory approvals constitutes a significant barrier for competitors looking to compete with our Engineered Solutions offerings. Our latest product that was issued an STC is our offering designated as AerAware™. AerAware™ is a groundbreaking advanced EFVS solution that enables a pilot to “see” through low visibility conditions by presenting advanced imaging technology along with real time aircraft primary flight systems data on an Elbit Systems/Universal Avionics SkyLens™ Head Wearable Display. This achievement marks the world’s first commercial EFVS system to achieve a 50% visual advantage and the first large transport aircraft to be certified with a complete dual-pilot EFVS solution featuring a Head-Wearable Display.

The FAA requires that aircraft operators maintain detailed records that log the utilization and condition of certain aircraft and engine life-limited parts. The FAA also requires that various maintenance routines be performed and documented on certain airframe and engine components at regular intervals based on utilization and/or time. Maintenance may also be required following certain types of events (e.g., foreign object damage, extreme heat, hard landings, etc.). Further, the FAA and certain other airworthiness authorities can at any time introduce new rules and regulations that may impact our business. In order to proactively mitigate the effects of prospective future rulings and amendments, as well as to position our business segments to potentially benefit from them, we diligently monitor FAA publications and industry trade groups in an effort to obtain as much advance notice as possible concerning future regulatory mandates.

As we pursue sales of products and services directly to government customers or through subcontracting arrangements with government contractors, we may also be subject to various laws and regulations governing pricing, reporting, and other factors. Historically, government regulations have had no material adverse effect on our business and results of operations.

Intellectual Property

We believe our brand recognition is an important differentiator, and we maintain trademarks on “AerSale” and on certain branded product offerings (e.g., AerSale® active into 2031, AerSafe® active into 2031, AerTrak® active into 2028, and AerAware™).

While we hold no patents, we significantly benefit from an extensive array of proprietary intellectual property pertaining to market intelligence, transactional data history, and price modeling techniques, in addition to a wide range of product design, engineering, manufacturing, repair, modification and MRO procedures.

Our Engineered Solutions are trade secrets comprised of internally developed proprietary products and repair regimes. As such, our Engineered Solutions are exclusively available through our business or third parties that we authorize. While our competitors may be able to develop similar alternatives to our Engineered Solutions offerings, we believe that our deep understanding of mid-life aircraft markets and technologies, combined with our ability to expedite the introduction of new Engineered Solutions to the market, uniquely positions us to increase our market share in this sector.

Though our proprietary market intelligence, transactional data history, price modeling techniques, and Engineered Solutions expertise are subject to misappropriation or obsolescence, we believe we have adequately institutionalized systems and procedures to prevent such occurrences. These measures include adoption of continuous improvement methodologies developed to maintain the integrity of our intellectual property holdings, in addition to the innovation of

new techniques, products and processes designed to enhance our existing offerings in response to future market developments.

Human Capital Resources

As of February 1, 2025, we employed 636 employees worldwide, none of whom are subject to a collective bargaining agreement. Approximately 99% of our employees are based in the United States. In addition to our full-time and part-time employees, we also employ approximately 60 contract workers, a reduction from prior year which reflects our strategic efforts to enhance cost efficiencies. The majority of our contract workers are located at our airframe maintenance facilities where they provide us with flexible staffing to meet customer demand.

Our success is highly dependent upon our ability to maintain a workforce with the skills necessary for our businesses to succeed. We require highly skilled personnel in multiple areas, including engineering, project management, aircraft technicians, information technology, cybersecurity, business development and strategy, and management.

In order to attract and retain highly skilled employees, we are committed to ensuring a safe and healthy work environment, offering competitive compensation and comprehensive benefit programs, creating great career opportunities, and building an engaging, inclusive environment where all employees are treated with dignity and respect.

Health and Safety

We have established health, safety and awareness programs in each AerSale facility. To maintain and enhance the health and safety of our employees, we promote a culture of continuous improvement and individual accountability. Each AerSale MRO facility has developed an Environmental Policy and Procedures Manual in compliance with applicable federal, state, and local environmental laws and regulations.

We use an annual goal setting process to drive injury rate improvements, and our injury rate reduction goal is a performance metric that is reported to all of our employees.

Talent Management and Career Development

At AerSale, our talent management and career development programs prepare our employees for a rewarding and challenging experience. We want to ensure that each of our employees has the tools they need to succeed in their current role, while preparing them for the next step in their career. Management and leadership curriculums are tailored based on each facility's unique needs as well as the individuals' needs. At our MRO facilities, we have established a career readiness program specifically for aspiring aviation mechanics and technicians. This program allows individuals to start in an entry level role and through supervision, training, and mentorship complemented by our Airframe and Powerplant ("A&P") reimbursement program, become an A&P mechanic or inspector.

Our employees are encouraged to take advantage of our tuition reimbursement program to obtain professional and technical certifications or pursue degree programs related to their career track. Our annual talent and performance review allows AerSale's management team to identify emerging talent in the organization and develop a succession plan. By evaluating our workforce and needs we are able to provide opportunities for growth and professional fulfillment.

Diversity and Inclusion

We are a proud Equal Opportunity Employer. For over a decade, we have created employment opportunities in diverse communities. We believe that diversity is key to our success, and we foster a culture of inclusion. By creating an environment where employees feel embraced and appreciated, we believe that our employees will be motivated to excel and contribute to our continued success. We are confident that in leveraging our employee's differences we can innovate and remain competitive in a dynamic and demanding industry.

We have a firm commitment to diversity and inclusion in our recruiting, hiring and promotion practices. Minority and female employees are encouraged to participate in career days, job fairs and programs in the communities in which we do

business. As of December 31, 2024, the Company's employee base includes 34% females and 62% minorities. We actively engage in recruiting fairs and efforts at various training institutions, especially those that have high minority and diverse enrollment rates. We continue to work with local organizations to identify minorities with an increased focus on veterans who will be transitioning into the civilian workforce. In 2024, AerSale was approved for an aviation workforce development grant for aviation technical workers. Through this grant we were able to provide 10 scholarships to support students going through a certified A&P program. Additionally, this funding allowed us to reach approximately 1,000 students of a diverse background or from economically disadvantaged areas. In 2025, we aim to continue to focus on partnering with local schools and supporting diverse students with an anticipated scholarship program that will provide financial assistance, mentorship and internship opportunities with the ultimate goal being full time employment at one of our facilities. Each manager and leader is responsible for upholding these values and supporting the goals under our affirmative action plan.

Environmental Matters

Our business, operations and facilities are subject to numerous stringent federal, state and local environmental laws and regulations by government agencies, including the U.S. Environmental Protection Agency. Among other matters, these regulatory authorities impose requirements that regulate the emission, discharge, generation, management, transportation and disposal of hazardous materials, pollutants and contaminants, govern public and private response actions to hazardous or regulated substances which may be or have been released to the environment, and require us to obtain and maintain licenses and permits in connection with our operations. This extensive regulatory framework imposes significant compliance burdens and risks on us. Although management believes that our operations and our facilities are in material compliance with such laws and regulations, future changes in these laws, regulations or interpretations thereof, the nature of our operations, or regulatory enforcement actions may require us to make significant additional capital expenditures to ensure ongoing compliance with applicable laws and regulations and/or engage in remedial actions.

Certain of our facilities, including facilities acquired and operated by us or one of our subsidiaries, have at one time or another been under active investigation for environmental contamination by federal or state agencies. We are generally indemnified by prior owners or operators and/or present owners of the facilities for liabilities which we incur as a result of these investigations and the environmental contamination found which pre-dates our acquisition of these facilities, subject to certain limitations. For our Goodyear, Arizona facility, we also maintain an environmental impairment liability policy that provides coverage for certain liabilities associated with the clean-up of on-site and off-site pollution conditions, as well as for resulting bodily injury or property damage to third parties, in each case, to the extent not otherwise indemnified. If we are required to pay the expenses related to environmental liabilities because neither indemnification nor insurance coverage is available, these expenses could have an adverse effect on our business and results of operations.

Available Information

In addition to the information about us and our subsidiaries contained in this Annual Report, information about us can be found on our website at www.aersale.com. We have a written Code of Conduct and Ethics that applies to our directors, officers and employees, including our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions. A copy of the code is posted on our website at <https://ir.aersale.com/corporate-governance/governance-documents>. In addition, we intend to post on our website all disclosures that are required by law or Nasdaq Stock Market rules concerning any amendments to, or waivers from, any provision of our Code of Conduct and Ethics within four business days of such amendment or waiver. Our website and information included in or linked to our website are not part of this Annual Report.

Our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act, are available free of charge through our website as soon as reasonably practicable after they are electronically filed with or furnished to the Securities and Exchange Commission (the "SEC"). Additionally, the public may obtain any document that we file with or furnish to the SEC from the SEC's Electronic Document Gathering, Analysis, and Retrieval system, which can be accessed at www.sec.gov.

ITEM 1A RISK FACTORS

You should carefully consider the risks and uncertainties described below and the other information in this Annual Report before making an investment in our common stock. Our business, financial condition, results of operations, or prospects could be materially and adversely affected if any of these risks occurs, and as a result, the market price of our common stock could decline and you could lose all or part of your investment. This Annual Report also contains forward-looking statements that involve risks and uncertainties. See “Special Note Regarding Forward-Looking Statements” in this Annual Report. Our actual results could differ materially and adversely from those anticipated in these forward-looking statements as a result of certain factors, including those set forth below.

Risks Related to AerSale’s Business and Industry

Supply chain disruptions could have adverse effects on our ability to provide certain services.

We source parts and components for our business from various suppliers around the world. Current geopolitical conditions, including sanctions and other 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. These issues could lead to significant supplier performance failures and delays. Disruptions to our supply chain and business operations, or to our suppliers’ supply chains and business operations, could have adverse effects on our ability to provide aftermarket support and services to our customers.

We are affected by factors that adversely impact the commercial aviation industry.

As a provider of products and services to the commercial aviation industry, we are generally affected by overall economic conditions of that industry. The commercial aviation industry is historically cyclical and has been negatively affected in the past by geopolitical events, such as ongoing conflicts (including between Russia and Ukraine and between Israel and Hamas), escalating tensions (such as between China and the U.S.), terrorism, high fuel and oil prices, labor issues, lack of capital, continued inflation, high interest rates, and weak economic conditions. As a result of these and other events, from time to time certain of our customers have filed for bankruptcy protection or ceased operations. The impact of instability in the global financial markets has led, and may in the future lead, airlines to reduce domestic or international capacity. In addition, certain of our airline customers have in the past been impacted by tight credit markets, which limited their ability to buy parts, services, and Flight Equipment.

A reduction in flight activity of aircraft both in the United States and abroad has resulted in, and may continue to result in, reduced demand for parts support and maintenance activities for the type of aircraft affected. Further, tight credit conditions negatively impact the amount of liquidity available to buy parts, services, and Flight Equipment. A deteriorating airline environment may also result in additional airline bankruptcies, and in such circumstances, we may not be able to fully collect outstanding accounts receivable. Reduced demand from customers caused by weak economic conditions, including tight credit conditions and customer bankruptcies, may adversely impact our financial condition or results of operations. A slowdown in the global economy, or a recession, would negatively impact the commercial aviation industry, and may have a material adverse effect on our business, financial condition, liquidity and results of operations.

Our ability to profitably manage mid-life Flight Equipment through the end of its life-cycles depends in part on our ability to successfully source acquisition opportunities of used Flight Equipment on favorable terms to provide feedstock for the sale of USM parts. Our inability to acquire Flight Equipment could adversely affect our financial condition or results of operations. Our business, financial condition, results of operations, and growth rates may be adversely affected by these and other events that impact the aviation industry, including those mentioned elsewhere in this report and the following:

- increased in-house maintenance by airlines;
- climate change, environmental catastrophes and government regulations implemented to address them; and

- acts of God, such as an earthquake, hurricane, fire, flood, tornado or other natural disaster.

Our operating results vary, and comparisons to results for preceding periods may not be meaningful. Due to a number of factors, our operating results may fluctuate, including, among others, for the following reasons:

- the timing and number of purchases and sales of Flight Equipment;
- the timing and amount of maintenance reserve revenue recorded resulting from the termination of long term leases, for which significant amounts of maintenance reserves may have accumulated;
- the termination, or announced termination of production, of particular types of Flight Equipment;
- the retirement or announced retirement of particular aircraft models by aircraft operators;
- seasonality of travel;
- the operating history of any particular engine, aircraft or engine or aircraft model; and
- the timing of necessary overhauls of Flight Equipment.

These risks may reduce our Flight Equipment utilization rates, lease margins, maintenance reserve revenue and proceeds from Flight Equipment sales, and may result in higher legal, technical, maintenance, storage, insurance and other costs related to repossession and Flight Equipment being off-lease. As a result of the foregoing and other factors, the availability of Flight Equipment for lease or sale periodically experiences cycles of oversupply and undersupply of given engine or aircraft models. The incidence of an oversupply of Flight Equipment may produce substantial decreases in lease rates and appraised or resale values of aviation equipment and may increase the time spent and costs incurred to lease or sell Flight Equipment. We anticipate that fluctuations from period to period will continue in the future. As a result, we believe that comparisons to results for preceding periods may not be meaningful, and that results of prior periods should not be relied upon as an indication of our future performance.

Market values for our aviation products fluctuate, and we may be unable to recover our costs incurred with respect to engines, rotatable components and other aircraft parts.

We make a number of assumptions when determining the recoverability of rotatable components, engines, and other assets which are on lease, available for lease, or supporting our long-term programs. These assumptions include historical sales trends, current and expected usage trends, replacement values, current and expected lease rates, maintenance expenses, residual values, future demand, and future cash flows. Reductions in demand for these assets or declining market values, as well as differences between actual results and the assumptions we utilize in determining the recoverability of our Flight Equipment, could result in impairment charges in future periods, which may have a material adverse effect on our business, financial condition, liquidity and results of operations.

The value of any given aircraft model, or any engine model applicable thereto, can vary significantly based on supply in the marketplace. Certain types of Flight Equipment may be used in significant numbers by commercial aircraft operators that experience financial difficulties from time to time. If such operators were to go into liquidation or similar proceedings, the resulting over-supply of Flight Equipment from these operators could have an adverse effect on the demand for the affected engine and aircraft types and the values of such Flight Equipment, which may adversely impact our financial condition or results of operations.

We may not be able to repossess Flight Equipment when a lessee defaults, and even if we are able to repossess the Flight Equipment from a defaulting lessee, we may have to expend significant resources in the repossession of such Flight Equipment and the subsequent remarketing and re-leasing of the repossessed Flight Equipment.

When a lessee defaults on its obligations under a lease and does not cure such default in a timely manner, we typically seek to terminate the applicable lease and repossess the leased Flight Equipment. If a defaulting lessee contests the termination and repossession or is under court protection, enforcement of our rights under the lease may be difficult, expensive and time-consuming. In the event the Flight Equipment is located outside of the United States, we may need to obtain governmental consents to export the Flight Equipment back to the United States. As a result, the relevant asset may be off-lease and not generating revenue for a prolonged period. In addition, we will incur direct costs associated with repossessing our Flight Equipment, which may include legal and similar costs, costs of transporting, storing and insuring the Flight Equipment, and costs associated with necessary maintenance and recordkeeping to make the Flight Equipment available for re-lease or sale. During this time, we will not realize revenue from the Flight Equipment being repossessed and will continue to be obligated to pay any debt financing related to the Flight Equipment. If an engine is installed on an airframe, the airframe may be owned by an aircraft lessor or other third party. Our ability to recover engines installed on airframes owned by third-parties may depend on the cooperation of the airframe owner.

Additionally, when a lessee of our Flight Equipment has protection under the U.S. Bankruptcy Code, creditors (including us) are automatically stayed from enforcing their rights. In the case of U.S.-certificated airlines, Section 1110 of the Bankruptcy Code provides certain relief to lessors of aircraft equipment. Section 1110 has been the subject of significant litigation, and we can give no assurance that Section 1110 will protect our investment in Flight Equipment in the event of a lessee's bankruptcy. In addition, Section 1110 does not apply to lessees located outside of the United States, and applicable foreign laws may not provide comparable protection to us.

Success at our MRO facilities is dependent upon continued outsourcing by the airlines.

We currently perform MRO activities at six leased locations. Revenue at these facilities fluctuate based on demand for maintenance which, in turn, is driven by the number of aircraft operating and the extent of outsourcing of maintenance activities by airlines. In addition, certain airlines operate new fleet types and/or newer generation aircraft and we may not have contractual arrangements to service these aircraft, nor technicians trained and certified to perform the required airframe maintenance, repair, and overhaul activities on such aircraft. If either the number of aircraft operating or the level of outsourcing of maintenance activities for the aircraft models for which we are authorized to service declines, we may not be able to execute our operational and financial plans at our MRO facilities, which may adversely impact our financial condition or results of operations.

Our operations would be adversely affected by a shortage of skilled personnel or work stoppages.

We are dependent on an educated and highly skilled workforce because of the complex nature of many of our products and services. Our ability to operate successfully and meet our customers' demands could be jeopardized if we are unable to attract and retain a sufficient number of skilled personnel, including qualified licensed mechanics, to conduct our business, or if we experience a significant or prolonged work stoppage. The increasing competition for highly skilled and talented personnel could result in higher compensation costs, difficulties in maintaining a capable workforce, and leadership succession planning challenges. These and similar events may adversely affect our results of operations and financial condition.

The inability to obtain certain components and raw materials from suppliers could harm our business.

Our business is affected by the availability and price of the raw materials and component parts that we use to manufacture our products. Our ability to manage inventory and meet delivery requirements may be constrained by our suppliers' ability to adjust delivery of long-lead time products during times of volatile demand. The supply chains for our business could also be disrupted by external events such as natural disasters, extreme weather events, pandemic or similar health emergencies, labor disputes, governmental actions and legislative or regulatory changes. As a result, our suppliers may fail to perform according to specifications when required, and we may be unable to identify alternate suppliers or to otherwise mitigate the consequences of their non-performance. Transitions to new suppliers may result in significant costs

and delays, including those related to the required recertification of parts obtained from new suppliers with our customers and/or regulatory agencies. Our inability to fill our supply needs could jeopardize our ability to fulfill obligations under customer contracts, which could result in reduced revenue and profits, contract penalties or terminations, and damage to customer relationships. Further, increased costs of such raw materials or components, including due to tariffs, trade disputes or embargoes, inflation, and rising energy and transportation costs, could reduce our profits if we are unable to pass such price increases onto our customers.

We operate in highly competitive markets, and competitive pressures may adversely affect us.

The markets for our products and services are highly competitive, and we face competition from a number of sources, both domestic and international. Our competitors include aircraft manufacturers, aircraft component and parts manufacturers, airline and aircraft service companies, other companies' MRO services, other aircraft spare parts distributors and redistributors. Certain of our competitors may have substantially greater financial and other resources than we have, and others may price their products and services below our selling prices. These competitive markets also create pressure on our ability to hire and retain qualified technicians and fill other skilled labor needs. We believe that our ability to compete depends on superior customer service and support, on-time delivery, sufficient inventory availability, competitive pricing, and effective quality assurance programs. These competitive pressures have a potential impact on our business, which may adversely affect our results of operations and financial condition.

We are exposed to risks associated with operating internationally.

We conduct business in a number of foreign countries, certain of which are politically unstable or subject to military or civil conflicts. Consequently, we are subject to a variety of risks that are specific to international operations, including the following:

- military conflicts, ongoing geopolitical tensions, civil strife, and political risks;
- export regulations that could erode profit margins or restrict exports;
- compliance with the U.S. Foreign Corrupt Practices Act of 1977, as amended (the "FCPA"), the United Kingdom Bribery Act of 2010, and other anti-bribery and anticorruption laws;
- the burden and cost of compliance with foreign laws, treaties, and technical standards and changes in those regulations;
- contract award and funding delays;
- potential restrictions on transfers of funds;
- import and export duties and value added taxes;
- foreign exchange risk;
- transportation delays and interruptions;
- uncertainties arising from foreign local business practices and cultural considerations; and
- changes in United States policies on trade relations and trade policy, including implementation of or changes in trade sanctions (such as those imposed on Russia), tariffs (such as the recently announced tariffs on imports from Canada, Mexico and China that may or may not ultimately become effective), and embargoes.

Measures that we have or will adopt to reduce the potential impact of losses resulting from the risks of doing business internationally may not be adequate, and the regions in which we operate might not continue to be stable enough to allow us to operate profitably or at all.

Global conflicts, including the war in the Ukraine and conflict in the Middle East are creating an adverse climate for our business. The U.S. government has imposed enhanced export restrictions and controls on certain products and technology, as well as sanctions on certain industry sectors and parties in Russia, Belarus and parts of the Ukraine. The governments of other jurisdictions in which we may conduct business, such as the European Union, have also implemented sanctions or other restrictive measures. These sanctions and enhanced export controls, as well as any responses from Russia, could adversely affect the Company and/or our supply chain, business partners or customers, flight activity, demand for MRO and leasing services and the related macro environment. The economic and security conditions could also limit the Company's ability to provide its services or products to certain customers, as well as limit its ability to receive payments. The totality of these events, sanctions and restrictions may have a material adverse effect on our business, financial condition, liquidity and results of operations. These sanctions and restrictions may also jeopardize and adversely impact the availability and cost of insurance which covers any assets or operations that may be subject to these restrictions and enhanced sanctions.

In October 2023, a military conflict commenced between Israel and Hamas. Although ceasefire negotiations have been underway, whether such negotiations will ultimately be successful in ending the war is difficult to predict, as are such war's global economic impact, which could include further sanctions, embargoes, regional instability, energy shortages, geopolitical shifts and adverse effects on macroeconomic conditions, security conditions, currency exchange rates and financial markets, and the impact on the Company's business and operations and on the businesses and operations of the Company's suppliers, customers and other third parties with which the Company conducts business. Of note, the Company's enterprise resource planning vendor and the supplier of most of the components of our EFVS offering designated as AerAware™ are both based in Israel.

Business acquisitions expose us to risks, including the risk that we may be unable to effectively integrate acquired businesses.

We completed multiple acquisitions during the period 2010 - 2020, and continue to have discussions with third parties regarding acquisitions on a regular basis. Acquisitions involve risks, including difficulties integrating operations and personnel, the effects of amortization of any acquired intangible assets and the potential impairment of goodwill, and the potential loss of key employees of the acquired business. In addition, acquisitions often require substantial management resources, and have the potential to divert our attention from our existing business. For any businesses we may acquire in the future, we may not be able to execute our operational, financial, or integration plans for the acquired businesses, which may adversely affect our results of operations and financial condition.

We are subject to unique business risks as a result of supplying equipment and services to the U.S. government directly and as a subcontractor, which could lead to a reduction in our net sales from, or the profitability of our supply arrangements with, the U.S. government.

Companies engaged in supplying defense-related equipment and services to U.S. government agencies are subject to business risks specific to the defense industry. We currently do, and may in the future, contract directly with the U.S. government or act as a subcontractor to customers contracting with the U.S. government. Accordingly, the U.S. government may unilaterally suspend or prohibit us from receiving new contracts pending resolution of alleged violations of procurement laws or regulations, revoke required security clearance, reduce the value of existing contracts, or audit our contract related costs and fees.

In addition, because we contract directly with the U.S. government or act as a subcontractor to customers contracting with the U.S. government, we may be subject to U.S. government inquiries and investigations, including periodic audits of costs that we determine are reimbursable under government contracts. U.S. government agencies routinely audit government contractors to review performance under contracts, cost structure and compliance with applicable laws, regulations, and standards, as well as the adequacy of and compliance with internal control systems and policies, including the contractor's purchasing, property, estimating, compensation and management information systems.

Any costs found to be misclassified or inaccurately allocated to a specific contract are not reimbursable, and, to the extent already reimbursed, must be refunded. Also, any inadequacies in our systems and policies could result in payments being withheld, penalties and reduced future business, and may adversely affect our results of operations and financial condition.

Further consolidation in the aerospace industry could adversely affect our business and financial results.

The aerospace and defense industry is experiencing significant consolidation, including our customers, competitors and suppliers. Consolidation among our customers may result in delays in the awarding of new contracts and losses of existing business. Consolidation among our competitors may result in larger competitors with greater resources and market share, which could adversely affect our ability to compete successfully. Consolidation among our suppliers may result in fewer sources of supply and increased cost to us.

Our business could be negatively affected by cyber or other security threats or other disruptions.

Our business depends heavily on information technology and computerized systems to communicate and operate effectively. Our systems and technologies, or those of third parties on which we rely, could fail or become unreliable due to equipment failures, software viruses, cyber threats, ransomware attacks, terrorist acts, natural disasters, power failures or other causes.

Cybersecurity threats are evolving and include, but are not limited to, malicious software, attempts to gain unauthorized access to our sensitive information, business e-mail compromises, ransomware attacks, and other electronic security breaches, including at our customers, suppliers, subcontractors, and joint venture partners, that could lead to disruptions in mission critical systems, unauthorized release of confidential or otherwise protected information, and corruption of data. Certain functional areas of our workforce that had been working remotely have returned to our offices; however, any future requirements for them to function in a remote work environment could heighten the risk of these potential vulnerabilities.

The procedures and controls we utilize to monitor and mitigate these threats may not be sufficient to prevent security threats from materializing. If any of these events were to materialize, the costs related to cyber or other security threats or disruptions may not be fully insured or indemnified, and may adversely affect our results of operations and financial condition or disruption of our ability to make financial reports and other public disclosures required of public companies.

Moreover, expenditures incurred in implementing and maintaining cybersecurity and other procedures and controls may adversely affect our results of operations and financial condition.

We may need to make significant capital expenditures to keep pace with technological developments in our industry.

The industries in which we participate are constantly undergoing development and change, and it is likely that new products, equipment, and MRO methods will be introduced in the future. We may need to make significant expenditures to purchase new equipment, and to train our employees to keep pace with any new technological developments. These expenditures may adversely affect our results of operations and financial condition.

We do not own certain intellectual property and tooling that is important to our business.

In our MRO business, OEMs of equipment that we maintain for our customers include language in repair manuals relating to their equipment asserting broad claims of proprietary rights to the contents of the manuals used in our operations. Although we believe that our use of manufacture and repair manuals is lawful, there can be no assurance that OEMs will not try to enforce such claims, including through the possible use of legal proceedings, or that any such actions will be unsuccessful.

Our business also depends on using certain intellectual property and tooling that we have rights to use pursuant to license grants under our contracts with OEM customers. These contracts contain restrictions on our use of the intellectual property and tooling, and may be terminated if we violate certain of these restrictions. Our loss of a contract with an OEM customer and the related license rights to use an OEM's intellectual property or tooling, may adversely affect our results of operations and financial condition.

We could become involved in intellectual property litigation, which could have a material and adverse impact on our profitability.

We and other companies in our industry possess certain proprietary rights relating to designs, engineering, manufacturing processes and MRO procedures. In the event that we believe that a third party is infringing upon our proprietary rights, we may bring an action to enforce such rights. In addition, we are from time to time involved in legal proceedings by third parties claiming infringement by us with respect to their proprietary rights. The expense and time of bringing an action to enforce such rights or defending against infringement claims can be significant, which may adversely affect our results of operations and financial condition.

Intellectual property litigation involves complex legal and factual questions which makes the outcome of any such proceedings subject to considerable uncertainty. Not only can such litigation divert management's attention, but it can also expose us to damages and potential injunctive relief which, if granted, may preclude us from making, using or selling particular products or technology. Uncertainties resulting from our participation in intellectual property litigation or other proceedings could have a material adverse effect on our ability to compete in the marketplace. There could also be public announcements of the results of hearings, motions or interim proceedings or developments that could be perceived negatively by analysts or investors and the value of such intellectual property could be diminished. Accordingly, the market price of our common stock may decline. Uncertainties resulting from the initiation and continuation of intellectual property litigation or other proceedings could have a material adverse effect on our business, financial condition and results of operation.

Our operations depend on our facilities, which are subject to physical and other risks that could disrupt production.

Our facilities or our customers' facilities could be damaged or disrupted by a natural disaster, war, or terrorist activity. For example, in April 2024, one of our leased secondary parts warehouses in Roswell, New Mexico, which stored various aircraft parts inventory typically sold as USM, was destroyed by a fire. While we submitted a claim for the replacement value of the inventory that was destroyed or rendered not sellable due to the fire in the amount of \$67.6 million, the cost basis of the destroyed inventory was \$6.0 million. To date, we have collected a total of approximately \$34.6 million in connection with such claim. A major catastrophe, such as an earthquake, hurricane, fire, flood, tornado, pandemic, or other natural disaster at any of our sites, or war or terrorist activities in any of the areas where we conduct operations, could result in a prolonged interruption of our business. Any disruption resulting from these events could cause significant delays in shipments of products, and the loss of sales and customers, and we may not have insurance to adequately compensate us for any of these events. For leased facilities, timely renewal of leases, and risk mitigation from the sale of our leased facilities, is required to avoid any business interruption.

Our reputation, ability to do business and financial position, results of operations and/or cash flows may be impacted by the improper conduct of employees, agents, subcontractors, suppliers, business partners or joint ventures in which we participate.

We have implemented policies, procedures, training and other compliance controls, and have negotiated terms designed to prevent misconduct by employees, agents or others working on our behalf or with us that would violate the applicable laws of the jurisdictions in which we operate, including laws governing improper payments to government officials, the protection of export controlled products and services, cost accounting and billing, competition and data privacy. However, we cannot ensure that such controls will prevent all such misconduct committed by our employees, agents, subcontractors, suppliers, business partners or others working on our behalf or with us, and this risk of improper conduct may increase as we expand globally. In the future, we may form and/or become a member of joint ventures. We may be unable to prevent misconduct or other violations of applicable laws by these joint ventures (including their officers,

directors and employees) or our partners. Improper actions by those with whom or through whom we do business (including our employees, agents, subcontractors, suppliers, business partners and joint ventures) could subject us to administrative, civil or criminal investigations and monetary and non-monetary penalties, including suspension and debarment, which may adversely affect our results of operations and financial condition.

Our business might suffer if we were to lose the services of certain key employees.

Our business operations depend upon our key employees, including our executive officers. Because our key employees have knowledge of our industry and customers, and would be difficult to replace, loss of any of these employees may adversely affect our results of operations and financial condition.

If our subcontractors or suppliers fail to perform their contractual obligations, our contract profitability and our ability to win new contracts may be adversely affected.

We rely on subcontractors to perform a portion of the services we agree to provide our customers, and our suppliers provide necessary labor, inventory and component parts. A failure by one or more of our subcontractors or suppliers to satisfactorily provide on a timely basis the agreed-upon services or supplies may affect our ability to perform our contractual obligations. Deficiencies in the performance of our subcontractors and/or suppliers could result in liquidated damages or our customer terminating our contract for default. A termination for default could expose us to liability and adversely affect our financial performance and our ability to win new contract awards.

Future outbreaks and infectious diseases could have a material adverse impact on our business, operating results, financial condition, and liquidity.

While the overall demand for commercial air travel has significantly recovered from the effects of the COVID-19 pandemic, future outbreaks and infectious diseases could pose a threat to the commercial aviation industry, including our business and operations. Moreover, a resurgence of the COVID-19 pandemic (including through any new variant strains of the underlying virus), a new health epidemic or similar outbreak or other negative developments associated with the pandemic or outbreak could hinder or reverse the commercial flight activity recovery and lead to decreased worldwide commercial activity, which could lead to a reduced demand for airline passenger and cargo services. Reduced flight activity negatively impacts the demand for many of our products and services, and any prolonged reduction could materially and adversely affect our business, operating results, financial condition, and access to sources of liquidity.

Moreover, prolonged pandemics, epidemics and similar outbreaks, or the threat thereof, could result in worker absences, lower productivity, voluntary closure of our offices and facilities, travel restrictions for our employees and other disruptions to our supply chain and business. Any of these could have a material adverse effect on our business, financial condition or results of operations.

We cannot predict the impact that any pandemics, epidemics and similar outbreaks, especially of infectious diseases, will have on our customers, suppliers, vendors, and other business partners, and each of their financial conditions; however, any material effect on these parties could adversely impact us, and may also exacerbate other risks discussed in this “Risk Factors” section, any of which could have a material effect on us.

Strategic and Financial Risks

We are dependent upon continued availability of financing to manage our business and to execute our business strategy, and additional financing may not be available on terms acceptable to us.

Our ability to manage our business and to execute our business strategy is dependent, in part, on the continued availability of debt and equity capital. Our Amended and Restated Credit Agreement (as amended, the “Revolving Credit Agreement”) matures on July 24, 2028. Access to the debt and equity capital markets may be limited by various factors, including the condition of overall credit markets, general economic factors, state of the aviation industry, our financial performance, and credit ratings. Debt and equity capital may not continue to be available to us on favorable terms, or at

all. Our inability to obtain financing on favorable terms may adversely affect our results of operations and financial condition.

Our existing debt includes restrictive and financial covenants.

Certain current financing arrangements require us to comply with various restrictive covenants, and in certain cases contain financial covenants that require us to comply with specified financial ratios and tests. Our failure to meet these covenants could result in default under these loan and debt agreements, and may result in a cross-default under other debt agreements. In the event of a default and our inability to obtain a waiver of the default, all amounts outstanding under our debt agreements could be declared immediately due and payable.

Our failure to comply with these covenants may adversely affect our results of operations and financial condition.

Restrictive covenants in the documents governing our existing and any future indebtedness may limit our current and future operations, particularly our ability to respond to changes in our business or to pursue our business strategies.

The documents governing our existing indebtedness contain, and the documents governing any future indebtedness will likely contain, a number of restrictive covenants that impose significant operating and financial restrictions, including restrictions on our ability to take actions that we believe may be in our interest. The documents governing our existing indebtedness, among other things, limit our ability to:

- incur or guarantee additional indebtedness;
- make certain restricted payments or investments;
- enter into agreements that restrict distributions from restricted subsidiaries;
- sell or otherwise dispose of assets, including capital stock of restricted subsidiaries;
- enter into transactions with affiliates;
- create or incur liens;
- enter into sale/leaseback transactions;
- merge, consolidate or sell substantially all of our assets; and
- make certain investments and acquire certain assets.

The restrictions could adversely affect our ability to:

- finance our operations;
- make strategic acquisitions or investments or enter into alliances;
- withstand a future downturn in our business or the economy in general;
- engage in business activities, including future opportunities, that may be in our interest; and
- plan for or react to market conditions or otherwise execute our business strategies.

Our ability to obtain future financing or to sell assets could be adversely affected because substantially all of our assets have been pledged as collateral for the benefit of the holders of our indebtedness.

Unanticipated changes in our tax provision or exposure to additional income tax liabilities could affect our profitability.

Significant judgment is required in determining our provision for income taxes. In the ordinary course of our business, there are transactions and calculations where the ultimate tax determination is uncertain. Furthermore, changes in income tax laws and regulations, or their interpretation, could result in higher or lower income tax rates assessed or changes in the taxability of certain sales or the deductibility of certain expenses, thereby affecting our income tax expense and profitability.

Our financial results of operations could be adversely affected by impairment of our goodwill or other intangible assets.

When we acquire a business, we record goodwill equal to the excess of the amount we pay for the business, including liabilities assumed, over the fair value of the tangible and identifiable intangible assets of the business we acquire. Goodwill and other intangible assets that have indefinite useful lives must be evaluated for impairment at least annually, or when events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. The specific guidance for testing goodwill and other non-amortized intangible assets for impairment requires management to make certain estimates and assumptions when allocating goodwill to reporting units and determining the fair value of reporting unit net assets and liabilities, including, among other things, an assessment of market conditions, projected cash flows, investment rates, cost of capital and growth rates, which could significantly impact the reported value of goodwill and other intangible assets. Changes in our estimates and assumptions could adversely impact projected cash flows and the fair value of reporting units. Fair value is generally determined using a combination of the discounted cash flow, market multiple and market capitalization valuation approaches. Absent any impairment indicators, we generally perform our evaluations annually using available forecast information. If at any time we determine an impairment has occurred, we are required to reflect the reduction in value as an expense within operating income, resulting in a reduction of earnings and a corresponding reduction in our net asset value in the period such impairment is identified. As part of management's annual evaluation, the qualitative and quantitative analyses resulted in a conclusion that the fair value of our reporting units exceeded their carrying values; therefore, goodwill and other indefinite lived intangibles were not impaired. In the event there are deteriorations in business conditions or estimated cash flows beyond amounts previously or currently forecasted, there is a risk of future impairments on our goodwill balance.

Our exposure to variable interest rates and foreign currency exchange rates could materially and adversely affect our business, operating results and financial condition.

We are exposed to various types of market risk in the normal course of business, including the impact of interest rate changes and foreign currency exchange rate fluctuations. Some of our indebtedness bears interest at variable rates, generally linked to market benchmarks such as the Secured Overnight Financing Rate ("SOFR"). Any increase in interest rates would increase our finance expenses relating to our variable rate indebtedness and increase the costs of refinancing our existing indebtedness and issuing new debt. Fluctuations in foreign currencies, including devaluations, exchange controls and other restrictions on the repatriation of funds, may affect our operations, liquidity and the value of any cash held outside the U.S. in local currency. Such fluctuations in foreign currencies, including devaluations, cannot be predicted by us. These conditions, as well as any further delays, devaluations, or imposition of more stringent repatriation restrictions, may adversely affect our business and results of operations.

Legal and Regulatory Risks

We are subject to significant government regulation and may need to incur significant expenses to comply with new or more stringent governmental regulation.

The aviation industry is highly regulated in the United States by the FAA and equivalent regulatory agencies in other countries. Prior to being placed into service the products and services that we provide for aircraft, engines and their components are required to meet certain standards of airworthiness established by the FAA or the equivalent regulatory agencies in certain other countries. We also operate repair stations that are licensed by the FAA and equivalent regulatory agencies in certain other countries. Specific regulations vary from country to country; although regulatory requirements in other countries are generally satisfied by compliance with FAA requirements. New and more stringent governmental regulations may be adopted in the future that, if enacted, may adversely impact our financial condition or results of operations.

Any revocation or suspension of our material licenses, certificates, authorizations, or approvals by the FAA or equivalent regulatory agencies in other countries, may adversely impact our financial condition or results of operations.

Users of Flight Equipment are regulated by general civil aviation authorities, including the FAA in the United States and similar governmental authorities in other countries, which regulate the maintenance of engines and issue airworthiness directives. Airworthiness directives typically set forth special maintenance actions or modifications with respect to certain engine and aircraft types or series of specific engines that must be implemented for the engine or aircraft to remain in service. Also, airworthiness directives may require the lessee to make more frequent inspections of an engine, aircraft or particular engine parts. Generally, the lessee of our Flight Equipment is responsible for complying with all airworthiness directives. However, if the Flight Equipment is off-lease and in certain circumstances, if dictated by the terms of a Flight Equipment lease, we may be forced to bear the cost of compliance with such airworthiness directives.

A number of our leases require specific governmental or regulatory licenses, consents or approvals. These include consents for certain payments under the leases and for the export, import or re-export of our Flight Equipment. Consents needed in connection with future leasing or sale of our Flight Equipment may not be received timely or have economically feasible terms. Any of these events could adversely affect our ability to lease or sell Flight Equipment, which, in turn, may adversely impact our financial condition or results of operations.

The U.S. Department of Commerce (the “Commerce Department”) regulates exports of goods outside the United States. We are subject to the Commerce Department’s and the U.S. Department of State’s regulations with respect to the lease and sale of aircraft, engines, engine parts and components, and airframes and accessory parts and components to foreign entities. The Commerce Department and the U.S. Department of State may, in certain cases, require us to obtain export licenses for certain items exported to certain foreign countries. The U.S. Department of Homeland Security, through the U.S. Customs and Border Protection, enforces regulations related to the import of aircraft, engines, engine parts and components, and airframe and accessory parts and components into the United States. We must expend resources to comply with these regulations and our failure to comply with these regulations may subject us to regulatory actions, which may adversely impact our financial condition or results of operations.

We are prohibited from doing business with persons designated by the U.S. Department of the Treasury’s Office of Foreign Assets Control (“OFAC”) on its “Specially Designated Nationals List,” and must monitor our operations and existing and potential lessees and other counterparties for compliance with OFAC’s rules. Similarly, sanctions issued by the United Nations, the United States government, the European Union or other governments could prohibit or restrict us from doing business in certain countries, or with certain customers or persons, and we must monitor our operations and existing and potential customers and other counterparties for compliance with such sanctions. We must expend resources to comply with these regulations and our failure to comply with these regulations may subject us to regulatory actions, which may adversely impact our financial condition or results of operations.

We are also subject to a variety of other regulations including work-related and community safety laws. The Occupational Safety and Health Act of 1970 mandates general requirements for safe workplaces for all employees, and established the Occupational Safety and Health Administration (“OSHA”) in the Department of Labor. In particular,

OSHA provides special procedures and measures for the handling of certain hazardous and toxic substances. In addition, specific safety standards have been promulgated for workplaces engaged in the treatment, disposal or storage of hazardous waste. Requirements under state law, in certain circumstances, may mandate additional measures for facilities handling materials specified as extremely dangerous. We believe that our operations are in material compliance with OSHA's health and safety requirements.

We are subject to the FCPA and other anti-corruption laws, as well as export control laws, import and customs laws, trade and economic sanctions laws and other laws governing our operations.

We are subject to the FCPA and other anti-corruption laws, as well as export control laws, import and customs laws, trade and economic sanctions laws and other laws governing our operations. Our operations are subject to anti-corruption laws including the FCPA, the U.S. domestic bribery statute contained in 18 U.S.C. §201, the United Kingdom Bribery Act 2010, the U.S. Travel Act, and other anti-corruption laws that apply in countries where we do business. The FCPA and these other laws generally prohibit us and our employees and intermediaries from authorizing, promising, offering, or providing, directly or indirectly, improper or prohibited payments, or anything else of value, to government officials or other persons to obtain or retain business or gain some other business advantage. We and certain of our customers operate in a number of jurisdictions that pose a high risk of potential FCPA violations, and we participate in collaborations and relationships with third parties whose corrupt or illegal activities could potentially subject us to liability under the FCPA or local anti-corruption laws, even if we do not explicitly authorize or have actual knowledge of such activities. In addition, we cannot predict the nature, scope or effect of future regulatory requirements to which our international operations might be subject or the manner in which existing laws might be administered or interpreted. We are also subject to other laws and regulations governing our international operations, including regulations administered by the governments of the United States and authorities in the European Union, including applicable export control regulations, economic sanctions and embargoes on certain countries and persons, anti-money laundering laws, import and customs requirements and currency exchange regulations, collectively referred to as the Trade Control laws. There is no assurance that we will be completely effective in ensuring our compliance with all applicable anti-corruption laws, including the FCPA or other legal requirements, including Trade Control laws. If we are not in compliance with the FCPA and other anticorruption laws or Trade Control laws, we may be subject to criminal and civil penalties, disgorgement and other sanctions and remedial measures, and legal expenses, which could have an adverse impact on our business, financial condition, results of operations and liquidity. Likewise, any investigation of any potential violations of the FCPA, other anti-corruption laws or Trade Control laws by the United States or other authorities could also have an adverse impact on our reputation, our business, financial condition and results of operations. Efforts to ensure that our business arrangements with third parties will comply with applicable aviation and aerospace laws and regulations will involve substantial costs. Because of the breadth of these laws and the narrowness of the statutory exceptions and safe harbors available, it is possible that some of our business activities or our business arrangements with third parties could be subject to challenge under one or more of such laws. It is possible that governmental authorities will conclude that our business practices or the business practices of our customers who generate our revenue may not comply with current or future statutes, regulations or case law involving applicable fraud and abuse. If our operations or the operations of our customers are found to be in violation of any of these laws or any other governmental regulations, we or our customers may be subject to significant criminal, civil and administrative sanctions, including monetary penalties, damages, fines, disgorgement, and imprisonment. Any action against us for violation of these laws, even if we successfully defend against it, could cause us to incur significant legal expenses and divert our management's attention from the operation of our business.

Our business and financial results may be affected by various litigation and regulatory proceedings.

We are subject to litigation and regulatory proceedings in the normal course of business and could become subject to additional claims in the future. These proceedings have included, and in the future may include, matters involving personnel and employment issues, workers' compensation, personal and property injury, governmental investigations and other proceedings. Some historical and current legal proceedings and future legal proceedings may purport to be brought as class actions on behalf of similarly situated parties including with respect to employment-related matters. We discuss legal proceedings in Note R – Commitments and Contingencies within our consolidated financial statements and related notes included elsewhere in this Annual Report (the "Consolidated Financial Statements"). Some or all of our expenditures to defend, settle or litigate these matters may not be covered by insurance or could impact our cost and ability to obtain insurance in the future. Litigation can be expensive, lengthy and disruptive to normal business operations, including to our

management due to the increased time and resources required to respond to and address the litigation. The results of complex legal proceedings are often uncertain and difficult to predict. We cannot be certain of the ultimate outcomes of any such claims, and resolution of these types of matters, against us may result in significant fines, judgments or settlements, which, if uninsured, or if the fines, judgments and settlements exceed insured levels, could have a material adverse effect on our business, financial condition, liquidity or results of operations.

Liens on our Flight Equipment could exceed the value of such Flight Equipment, which could negatively affect our ability to repossess, lease or sell such Flight Equipment.

Liens in favor of third parties may be attached to Flight Equipment we own, and in certain cases our engines may also be installed on airframes to which liens in favor of third-parties unrelated to the engines have been attached. These liens may secure substantial sums that may in certain circumstances exceed the value of the particular Flight Equipment to which the liens have attached. In certain jurisdictions, a lien may give the lien holder the right to detain, in limited cases, sell or cause the forfeiture of the Flight Equipment subject to the lien. Liens held by third parties may have priority over our and our creditors' interest in respective AerSale Flight Equipment, either because the third-party liens have priority under applicable local law, or because our creditors' security interests are not filed in jurisdictions outside the United States. These liens and lien holders could impair our ability to repossess and re-lease, or sell our Flight Equipment. If our customers do not discharge these liens, we may find it necessary to pay the claims secured by such liens to repossess the Flight Equipment subject to such third-party liens.

In certain countries, an engine affixed to an aircraft may become an accession to the aircraft and we may not be able to exercise our ownership rights over the engine.

In certain jurisdictions, a leased engine affixed to an aircraft may become an accession to the aircraft, such that the ownership rights of the owner of the aircraft supersede the ownership rights of the owner of the engine. If an aircraft is security for the owner's obligations to a third-party, the security interest in the aircraft may supersede our rights as owner of the engine. This legal principle could limit our ability to repossess a leased engine in the event of a lessee's bankruptcy or lease default while the aircraft with the engine installed remains in such a jurisdiction. We may suffer a loss if we are not able to repossess engines leased to lessees in these jurisdictions.

Our industry is susceptible to product and other liability claims, and claims not adequately covered by insurance may adversely affect our results of operations and financial condition.

Our business exposes us to possible claims for property damage and bodily injury or death, which may result if an aircraft, engine, engine part or component, airframe part or accessory, or any other aviation product that we have sold, manufactured, or repaired fails, or if Flight Equipment we serviced or leased, or in which our products are installed, has an accident. We carry substantial liability insurance in amounts that we believe are adequate for our risk exposure, and commensurate with industry norms. However, claims may arise in the future, and our insurance coverage may not be adequate to protect us in all circumstances. Additionally, we might not be able to maintain adequate insurance coverage in the future at an acceptable cost. Any liability claim not covered by adequate insurance may adversely affect our results of operations and financial condition.

We must comply with extensive environmental requirements, and any exposure to environmental liabilities may adversely affect us.

Compliance with federal, state, and local requirements relating to the discharge and emission of substances into the environment, the disposal of hazardous wastes, the remediation and abatement of contaminants, and other activities affecting the environment, have had and may continue to have an impact on our operations. Certain of our facilities, including facilities acquired and operated by us or one of our subsidiaries, have at one time or another been under active investigation for environmental contamination by federal or state agencies. Under specific environmental laws and regulations, we could be held responsible for all of the costs relating to any contamination at our past or present facilities and at third party waste disposal sites. If we fail to comply with applicable environmental laws and regulations, we could be subject to substantial fines or penalties and to civil and criminal liability. We cannot assess the possible effect of

compliance with future environmental requirements, or of future environmental claims for which we may not have adequate indemnification or insurance coverage. If we were required to pay the expenses related to any future environmental claims for which neither indemnification nor insurance coverage were available, these costs and expenses may adversely affect our results of operations and financial condition.

We may be adversely affected by global climate change, or by legal, regulatory or market responses to such change.

Increasing stakeholder environmental, social and governance (“ESG”) expectations, physical and transition risks associated with climate change, and emerging or potential ESG regulation and policy requirements may pose risk to our market outlook, financial outlook, cost of capital and global supply chain, which may impact our ability to achieve long-term business objectives. Changes in environmental and climate protection laws or regulations could lead to additional operational restrictions and compliance requirements upon us, our products and/or services, or otherwise could negatively impact our business. The cost to comply with new and potential environmental laws and regulations could be substantial for the Company.

Future regulatory developments in the United States and abroad concerning environmental issues such as climate change could adversely affect our operations, and increase operating costs. Additionally, through their impact on our customers, such regulations could reduce demand for our products and services. Actions may be taken in the future by the U.S. government, state governments within the United States, foreign governments, or the International Civil Aviation Organization (“ICAO”) to regulate the emission of greenhouse gases by the aviation industry. The precise nature of any such requirements and their applicability to us and our customers are difficult to predict, but the impact to us and the aviation industry, including the potential for increased fuel costs, carbon taxes or fees, or a requirement to purchase carbon credits, may adversely affect our results of operations and financial condition.

In October 2016, ICAO passed a resolution adopting the Carbon Offsetting and Reduction Scheme for International Aviation (“CORSIA”), which is a global, market-based emissions offset program to encourage carbon-neutral growth beyond 2020. CORSIA is scheduled to be implemented through multiple phases beginning with a pilot which began in 2021 and continued through 2023, followed by a first phase of the program beginning in 2024 and a second phase beginning in 2027. ICAO continues to develop details regarding implementation, but we believe compliance with CORSIA could significantly increase operating costs for us and our customers.

Risk Factors Related to our Common Stock

Our share price may be volatile, and an active, liquid trading market for our common stock may not continue.

There can be no assurance that the market price of our common stock will not decline below its present market price. Additionally, an active trading market for our common stock may not be sustained. If an active and liquid trading market does not continue, our stockholders may have difficulty selling any of our common stock. Among other things, in the absence of a liquid public trading market:

- you may not be able to liquidate your investment in shares of common stock;
- the market price of shares of common stock may experience significant price volatility; and
- there may be less efficiency in carrying out your purchase and sale orders.

If securities analysts do not publish research or reports about our business or if they publish negative evaluations of our common stock, the price of our common stock could decline.

The trading market for our common stock will rely in part on the research and reports that industry or financial analysts publish about us or our business. If our analysts do not continue to cover us, or if no additional analysts commence coverage of us, the trading price of our stock could be negatively affected. Even with analyst coverage, if one or more of the analysts covering our business downgrade their evaluations of our stock, the price of our common stock could decline.

If one or more of these analysts cease to cover our common stock, we could lose visibility in the market for our stock, which in turn could cause our common stock price to decline.

Substantial future sales of our common stock, or the perception in the public markets that these sales may occur, may depress our stock price.

Sales of substantial amounts of our common stock in the public market, or the perception that these sales could occur, could adversely affect the price of our common stock and could impair our ability to raise capital through the sale of additional shares. Certain shares of our common stock are freely tradable without restriction under the Securities Act, except for any shares of our common stock that may be held or acquired by our directors, executive officers, and other affiliates, as that term is defined in the Securities Act, which are restricted securities under the Securities Act. Restricted securities may not be sold in the public market unless the sale is registered under the Securities Act or an exemption from registration is available. Certain of our stockholders and members of our management have rights, subject to certain conditions, to require us to file registration statements covering shares of our common stock or to include shares in registration statements that we may file for ourselves or other stockholders. Any such sales, including sales of a substantial number of shares or the perception in the market that the holders of a large number of shares intend to sell shares, could reduce the market price of our common stock. Furthermore, as an alternative to filing a registration statement for certain of our stockholders for the sale of our common stock, we may enter into privately negotiated transactions to repurchase shares held by such stockholders. We may also issue shares of our common stock or securities convertible into our common stock from time to time in connection with financings, acquisitions, investments, or otherwise. Any such issuance could result in ownership dilution to you as a stockholder and cause the trading price of our common stock to decline.

We do not intend to pay dividends on our common stock in the foreseeable future.

We do not anticipate that we will pay any dividends on shares of our common stock in the foreseeable future. We intend to retain any future earnings to fund operations, to service debt and other obligations, and to use for other corporate needs. Further, our Revolving Credit Agreement limits our ability to pay cash dividends.

General Risk Factors

If any of our customers were to become insolvent or experience substantial financial difficulties, our business, financial condition and results of operations may be adversely affected.

If any of the customers with whom we do business become insolvent or experience substantial financial difficulties, we may be unable to timely collect amounts owed to us by such customers, and we may not be able to sell the inventory we have purchased for such customers, which may adversely affect our results of operations and financial condition.

Our results of operations and liquidity needs could be materially negatively affected by market fluctuations or an economic downturn.

Our results of operations could be materially negatively affected by economic conditions generally, both in the United States and elsewhere around the world. Concerns over inflation, high interest rates, energy costs, geopolitical issues, including the conflict between Russia and Ukraine, Israel and Hamas, and tensions in the Middle East, China and in Western countries, the availability and cost of credit, and the U.S. financial markets have in the past contributed to, and may continue in the future contribute to, increased volatility and diminished expectations for the economy and the markets. Domestic and international equity markets periodically experience heightened volatility and turmoil. These events may have an adverse effect on us. In the event of a market downturn, our results of operations could be adversely affected by those factors in many ways, including making it more difficult for us to raise funds if necessary, and our stock price may decline.

ITEM 1B UNRESOLVED STAFF COMMENTS

None.

ITEM 1C CYBERSECURITY

Cybersecurity Risk Management and Strategy

AerSale has developed and implemented a comprehensive cybersecurity risk management program for identifying, assessing, and managing material risks to protect the confidentiality, integrity and availability of critical systems and information relevant to our business. Our program utilizes a risk-based approach and is designed based on various cybersecurity frameworks, such as the National Institute of Standards and Technology (“NIST”) and the Center for Internet Security (“CIS”), and shares common methodologies, reporting channels, and governance processes that apply across all areas of our enterprise risk management, including legal, compliance, operational, and financial risks.

AerSale’s comprehensive cybersecurity risk management program includes, among others:

- a security awareness training agenda with topics relating to phishing, spams, viruses, insider threats, suspicious activity and procedures to escalate them, as well as other safety concerns. Certain training programs are employee targeted based on their individual job responsibilities and on the potential risks associated with such roles.
- internal and external assessments, including audits and response simulations, to examine cybersecurity vulnerabilities and potential attack vectors to company systems, as well as evaluating the impact of these vulnerabilities in our operational and financial posture.
- processes to identify and manage risks related to critical third-party technology providers.
- a cybersecurity incident response plan that includes procedures for responding to cybersecurity threats or incidents.
- when appropriate, use of external subject matter specialists, including assessors, consultants, auditors or other third parties, to provide incident response services and to conduct independent assessments of internal response readiness.
- engagement in security practices that include physical, administrative and technical safeguards of systems and hardware.

We are not aware of any risks from cybersecurity threats, including any prior cybersecurity incidents, that have materially affected or are reasonably likely to materially affect us, including our business strategy, results of operations or financial condition. Although our processes are designed to help prevent, detect, respond to, and mitigate the impact of such incidents, there is no guarantee that a future cybersecurity incident would not materially affect our business strategy, results of operations or financial condition. See “Risks Related to AerSale’s Business and Industry—Our business could be negatively affected by cyber or other security threats or other disruptions” in Part 1, Item 1A “Risk Factors” in this Annual Report.

Cybersecurity Governance

Our Board of Directors has overall responsibility for risk oversight, and has delegated the responsibility of cybersecurity and other information technology related risks to the Audit Committee of the Board of Directors, which oversees the implementation and continuous improvement of our comprehensive cybersecurity risk management program and compliance with disclosure requirements. The Audit Committee is provided with information, results of internal and external assessments, and updates on cybersecurity initiatives at Audit Committee meetings from our Chief Information Officer, and is responsible for reporting any findings and recommendations to the Board of Directors for consideration. Our team of cybersecurity professionals is led by our Chief Information Officer, a seasoned technology executive with over 20 years of experience in the cybersecurity field, a strong focus on systems and security, and a proven track record of leading cyber experts to protect organization from evolving threats. The cybersecurity team has the primary responsibility for AerSale's comprehensive cybersecurity risk management program, and supervises internal personnel as well as external cybersecurity consultants. Our processes are designed to prevent and monitor cybersecurity incidents, allowing us to timely detect and respond to incidents through our cybersecurity response plan, which includes materiality evaluations based on the size and scope of the incident. This evaluation is documented in an incident report that is shared with the Chief Information Officer, Chief Financial Officer and Audit Committee to effectively manage resources to reduce risk and prevent future incidents.

ITEM 2 PROPERTIES

Our principal executive office is in Doral, Florida. In addition to our headquarters, we have the following operating locations:

<i>Facility:</i>	<i>Primary purpose:</i>	<i>Reporting Segment:</i>
· Goodyear, Arizona	Aircraft MRO, Storage, Modification and Disassembly	TechOps
· Roswell, New Mexico	Aircraft MRO, Storage, Disassembly, and Distribution	TechOps and Asset Management Solutions
· Millington, Tennessee	Aircraft MRO, Flight Control Surfaces and Disassembly	TechOps
· Rio Rancho, New Mexico	Landing Gear MRO	TechOps
· Doral, Florida ⁽¹⁾	Corporate Headquarters, Engineered Solutions Operations, and Flight Equipment Asset Management	Corporate, Asset Management Solutions, and TechOps
· Miami, Florida	Engineered Solutions Operations, Hydraulic, Pneumatic, PMA Operations, and Electro-Mechanical Component MROs	TechOps
· Hialeah Gardens, Florida	Flight Control Surfaces	TechOps
· Memphis, Tennessee	USM Sales and Distribution	Asset Management Solutions
· Dublin, Ireland	Flight Equipment Asset Management	Asset Management Solutions

To support our growth and long-term business goals, we have expanded our operational facilities;

- (1) In October 2024, we relocated our corporate headquarters to Doral, Florida as we commenced a new lease expiring in 2035. This location features over 35,000 square feet of office space, allowing us to consolidate multiple support functions that were previously distributed across multiple facilities.

Our Goodyear, Arizona, Roswell, New Mexico, and Millington, Tennessee facilities are on airport locations at the Phoenix Goodyear Airport, Roswell International Air Center, and Millington – Memphis Airport, respectively, and are FAA-authorized repair station operations centers focusing on airframe aircraft maintenance and storage. Combined, they feature over 760,000 square feet of hangar space with a capability of dry desert long-term storage for up to 650 aircraft. In addition to having airframe maintenance service offerings at these facilities, we have three FAA-authorized repair station operations in our Rio Rancho, New Mexico, Miami, Florida, and Hialeah Gardens, Florida facilities that provide component MRO service offerings. Collectively, these facilities support the operations of our TechOps segment.

We primarily distribute USM parts from our dedicated distribution warehouse located in Memphis, Tennessee, in addition to on-site bulk storage capacity at our Roswell, New Mexico facility. These facilities collectively provide more than 500,000 square feet of available space to efficiently manage our Flight Equipment inventories and facilitate support of our customers' urgent spare part requirements with non-stop delivery capacity to destinations worldwide. Combined, these facilities support the operations of our Asset Management Solutions segment.

ITEM 3 LEGAL PROCEEDINGS

From time to time, we are subject to litigation incidental to our business. The information set forth under "Litigation" under Note R – Commitments and Contingencies within our Consolidated Financial Statements is incorporated herein by reference.

ITEM 4 MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5 MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information

Our common stock is currently listed on the Nasdaq Capital Market under the symbol "ASLE".

Holders of Record of our Common Stock

As of February 27, 2025, there were 19,368 holders of record of our common stock. This number of holders of record does not represent the actual number of beneficial owners of our common stock because shares of common stock are frequently held in "street name" by securities dealers and others for the benefit of individual owners who have the right to vote their shares.

Dividends

We have not paid any cash dividends on our common stock to date. Furthermore, we have no intention to declare dividends on our common stock in the foreseeable future. Any decision to declare and pay dividends in the future will be made at the discretion of our Board of Directors and will depend on, among other things, our results of operations, financial condition, cash requirements, contractual restrictions, statutory requirements, and other factors that our Board of Directors may deem relevant. Currently, our Revolving Credit Agreement limits our ability to pay cash dividends. Accordingly, we are prohibited from declaring any cash dividends to holders of our common stock without amending or modifying the terms of our Revolving Credit Agreement.

Purchases of Equity Securities by the Issuer or Affiliated Purchasers

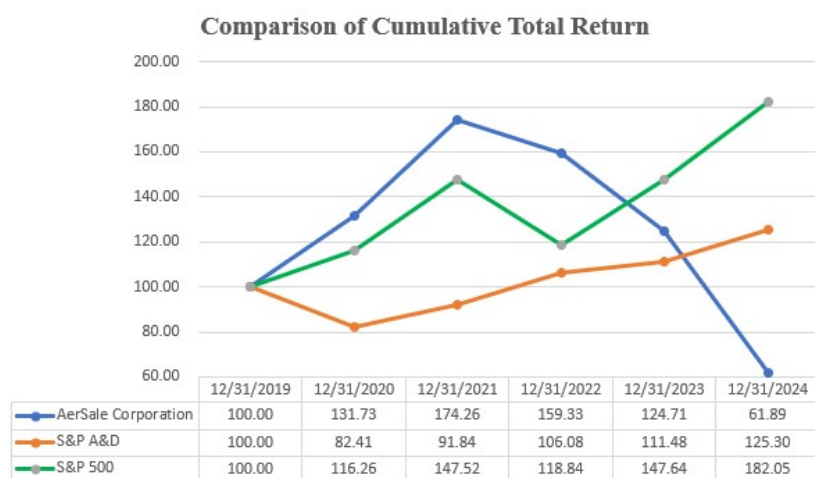
During the year ended December 31, 2024, we did not purchase any of our outstanding shares of common stock. Although we have not established an active share repurchase program or authorization, from time to time we consider and engage in discussions regarding the repurchase of shares of our common stock in privately negotiated transactions as an alternative to us filing a registration for the sale of shares by certain shareholders directly into the market. Any such repurchase would be subject to various considerations, and limitations would depend on prevailing market conditions, our liquidity requirements, legal and regulatory considerations, contractual restrictions and other factors.

Recent Sales of Unregistered Securities

None.

Performance Graph

The following graph compares the cumulative total stockholder return for (i) our common stock, (ii) the Standard & Poor's 500 Stock Index ("S&P 500") and (iii) the S&P 500 Aerospace & Defense Index ("S&P A&D") for the period from December 31, 2019 through December 31, 2024. For the period between December 31, 2019 through December 22, 2020 the figures relate to Monocle's common stock, and for the period between December 23, 2020 through December 31, 2024, the figures relate to AerSale's common stock. The graph assumes an initial investment of \$100 in Monocle's common stock and in each of the S&P 500 and S&P A&D at the market close on December 31, 2019, and assumes reinvestment of dividends. This performance graph shall not be deemed "soliciting material" or to be "filed" with the SEC for purposes of Section 18 of the Exchange Act, or otherwise subject to the liabilities under that Section, and shall not be deemed to be incorporated by reference into any filing of AerSale under the Securities Act or the Exchange Act.



The information required by Item 5 with respect to securities authorized for issuance under equity compensation plans is incorporated herein by reference to Part III, Item 12 of this Form 10-K.

ITEM 6 [RESERVED]

ITEM 7 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following management's discussion and analysis together with the Consolidated Financial Statements. 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 by AerSale because of the factors described in the sections entitled "Risk Factors" and "Special Note Regarding Forward-looking Statements." A discussion of the year ended December 31, 2023 compared to the year ended December 31, 2022 is included in our Annual Report on Form 10-K for the year ending December 31, 2023, filed with the SEC on March 8, 2024, under Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations."

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 Flight Equipment, 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, and sales of internally developed 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 (“FAA”) approval to sell as a solution for compliance with the FAA’s fuel tank flammability regulations. Another example of these solutions is our AerAware™ product, an industry-leading, next generation Enhanced Flight Vision System (“EFVS”) that has recently received approval by the FAA for the Boeing B737NG product line. These products are proprietary in nature and function as non-OEM solutions to regulatory requirements and other technical challenges, often at reduced delivery time and cost for operators. In order to develop these products, we engage in research and development activities that are expensed as incurred.

Results of Operations

Sales and gross profit for AerSale's two business segments for the years ended in December 31, 2024 and 2023 were as follows:

Year ended December 31, 2024 compared to the year ended December 31, 2023

(in thousands, except percentages)	Year ended December 31,		Percent Change
	2024	2023	
Revenue			
Asset Management Solutions			
Aircraft	\$ 41,749	\$ 80,877	(48.4)%
Engine	173,718	134,290	29.4 %
	215,467	215,167	0.1 %
TechOps			
MRO	107,970	102,535	5.3 %
Product Sales	21,629	16,583	30.4 %
Whole Asset Sale	-	218	(100.0)%
	129,599	119,336	8.6 %
Total	\$ 345,066	\$ 334,503	3.2 %

(in thousands, except percentages)	Year ended December 31,		Percent Change
	2024	2023	
Gross Profit			
Asset Management Solutions			
Aircraft	\$ 14,526	\$ 22,739	(36.1)%
Engine	67,915	44,916	51.2 %
	82,441	67,655	21.9 %
TechOps			
MRO	16,460	20,428	(19.4)%
Product Sales	5,035	3,761	33.9 %
Whole Asset Sale	-	577	(100.0)%
	21,495	24,766	(13.2)%
Total	\$ 103,936	\$ 92,421	12.5 %

Total revenue for the year ended December 31, 2024 increased by \$10.6 million or 3.2% compared to 2023, driven by an increase of \$0.3 million, or 0.1%, within Asset Management Solutions and an increase of \$10.3 million, or 8.6%, within TechOps.

Asset Management Solutions

Sales in the Asset Management Solutions segment increased by \$0.3 million to \$215.5 million, or 0.1%, for the year ended December 31, 2024 compared to 2023, due to a \$39.1 million decrease in revenue from Aircraft, and a \$39.4 million increase in revenue from Engines. The decrease in Aircraft revenue is due to lower Flight Equipment sales in the amount of \$36.7 million primarily attributable to decreased activity in the B757 product line resulting from softer demand in the freighter market, and lower leasing revenue of \$1.8 million, partly offset by higher USM sales. The increase in Engines revenue is due to higher USM sales of \$19.7 million, Flight Equipment sales of \$9.4 million, and higher leasing revenue, primarily attributable to greater activity in the PW4000 and CFM56 product lines as we continue to monetize our feedstock.

Cost of sales in Asset Management Solutions decreased by \$14.5 million to \$133.0 million, or 9.8%, for the year ended December 31, 2024 compared to 2023. The decrease in cost of sales for Aircraft was primarily driven by the sales

decrease discussed above. The increase in cost of sales for Engine was primarily driven by the sales increase discussed above. Gross profit in Asset Management Solutions increased by \$14.8 million to \$82.4 million, or 21.9%, for the year ended December 31, 2024 compared to 2023. The gross profit increase is mainly attributable to the higher margin generated on Flight Equipment sales, as noted below.

Aircraft gross profit margins increased to 34.8% for the year ended December 31, 2024, from 28.1% for the year ended December 31, 2023, due to higher margin on USM sales resulting from changes in product mix. Engines gross profit margins increased to 39.1% for the year ended December 31, 2024, from 33.4% for the year ended December 31, 2023, mainly due to higher margin on Flight Equipment sales, offset by changes in the USM product mix.

TechOps

AerSale's revenue from the TechOps segment increased by \$10.3 million to \$129.6 million, or 8.6%, for the year ended December 31, 2024, compared to 2023. The increase was primarily driven by higher MRO product sales and higher service revenue from component repair activities.

Cost of sales in TechOps increased by \$13.5 million to \$108.1 million, or 14.3%, for the year ended December 31, 2024 compared to 2023, driven by revenue fluctuations noted above. Gross profit in TechOps decreased \$3.3 million to \$21.5 million, or 13.2%, for the year ended December 31, 2024, compared to 2023, driven by lower profit generated on MRO services. Gross profit margin decreased to 16.6% for the year ended December 31, 2024 compared to 20.8% for the year ended December 31, 2023, driven by lower margin on MRO services as a result of our facility expansion projects, partly offset by higher margins on product sales.

Selling, General and Administrative Expenses

Selling, general and administrative expenses decreased by \$9.0 million to \$94.2 million, or 8.7%, for the year ended December 31, 2024, as compared to 2023. The decrease was primarily related to lower share-based compensation, partially offset by higher labor cost at our heavy MRO facilities from our expansion projects.

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 was determined using the Black-Scholes option pricing model. We recorded a \$2.3 million gain on the change in fair value of the warrant liability for each of the years ended December 31, 2024 and 2023, respectively.

Interest (expense) income, net

Interest expense, net for the year ended December 31, 2024 was \$5.7 million, as compared to interest income, net of \$0.2 million for the year ended December 31, 2023. The increase in interest expense, net was primarily related to interest expense incurred on higher borrowings under our debt facilities during the current year as a result of feedstock acquisitions and MRO expansion investments.

Other income (expense), net

Other income, net for the year ended December 31, 2024 increased by \$0.8 million to \$1.5 million, as compared to 2023, primarily due to \$1.0 million gain on insurance proceeds partially offset by unfavorable foreign exchange rate fluctuations.

Income taxes

The effective tax rate for the year ended December 31, 2024 was 25.3% compared to 27.5% for the year ended December 31, 2023. The decrease in effective tax rate was mainly a result of the change in fair market value of the warrants, the impact of state income taxes, and stock-based compensation. The difference between the effective tax rate and the

statutory tax rate of 21% for the year ended December 31, 2024, was primarily due to the change in fair market value of the warrants, and return to provisions adjustments, among others. The difference between the effective tax rate and the statutory tax rate of 21% for the year ended December 31, 2023, was primarily due to the impact of a valuation allowance release and an increase in credits offset by executive compensation.

Financial Position, Liquidity and Capital Resources

As of December 31, 2024, we had \$4.7 million of cash and cash equivalents. We finance our growth through cash flows generated from operations and borrowings secured by our assets. We had \$39.2 million outstanding under the Revolving Credit Agreement (as defined below) as of December 31, 2024, with \$138.1 million of availability thereunder. We generated cash from operations of \$11.2 million, primarily as a result of our income from operations, utilized cash for investing activities of \$16.1 million, and generated cash from financing activities in the amount of \$3.8 million for the year ended December 31, 2024.

During the year ended December 31, 2023, we entered into a revolving term loan collateralized by our property and equipment (the “Synovus Equipment Loan”) and borrowed \$8.6 million. During the year ended December 31, 2024, the Company financed additional equipment purchases of \$0.6 million under this facility and paid off the entire loan balance in the amount of \$9.2 million.

During the year ended December 31, 2024, we entered into a revolving term loan collateralized by our property and equipment purchases (the “CIBC Equipment Loan”) and borrowed \$1.8 million under this facility, which remains outstanding as of December 31, 2024.

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

We may, from time to time, purchase our outstanding shares of common stock through cash purchases and/or exchanges for equity or debt, open-market purchases, privately negotiated transactions or otherwise including, but not limited to, privately negotiated transactions with certain of our stockholders who have rights to require us to file a registration statement covering shares of our common stock. Such purchases or exchanges, if any, will be upon such terms and at such prices as we may determine, and will depend on prevailing market conditions, our liquidity requirements, legal and regulatory considerations, contractual restrictions and other factors. Purchases, if any, will be funded through our available cash from operations. The amounts involved may be material.

Cash Flows—Year ended December 31, 2024 compared to Year ended December 31, 2023

Cash Flows from Operating Activities

Net cash provided by operating activities was \$11.2 million for the year ended December 31, 2024 compared to cash used of \$174.2 million for the same period in 2023. The increase in cash provided of \$185.3 million was primarily due to lower feedstock acquisitions of \$61.7 million during 2024 compared to \$131.9 million during 2023, as well as \$31.9 million related to proceeds from insurance claims.

Cash Flows from Investing Activities

Net cash used in investing activities was \$16.1 million for the year ended December 31, 2024, compared to cash provided of \$3.1 million in the same period for 2023. Cash used in investing activities during the year ended December 31, 2024 was driven by purchases of property and equipment and Flight Equipment in support of our TechOps expansion projects. Cash generated by investing activities during year ended December 31, 2023 was driven by Flight Equipment sales offset in part by purchase of property and equipment.

Cash Flows from Financing Activities

Net cash provided by financing activities for the year ended December 31, 2024 was \$3.8 million, compared to \$29.7 million in the same period for 2023. Cash provided by financing activities during the year ended December 31, 2024 was primarily related to the proceeds from net borrowings under our Revolving Credit Agreement, along with borrowings under the CIBC Equipment Loan, offset in part by net repayments under the Synovus Equipment Loan. Cash provided by financing activities during the year ended December 31, 2023 is the result of proceeds from net borrowings under the Synovus Equipment Loan, as well as net borrowings under the Revolving Credit Agreement.

Debt Obligations and Covenant Compliance

Wells Fargo Senior Secured Revolving Credit Facility

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

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

As of December 31, 2024, there was \$39.2 million outstanding under the Revolving Credit Agreement and we had \$138.1 million of availability thereunder. We were in compliance with our debt covenants for the Revolving Credit Agreement as of December 31, 2024.

Synovus Equipment Loan

On June 30, 2023, the Company entered into the Synovus Equipment Loan with a total advance commitment of \$10.0 million for the purpose of financing capital expenditures on property and equipment. This facility became a term loan during the quarter ended June 30, 2024, with a maturity date of June 26, 2027. The Equipment Loan was collateralized by the property and equipment it financed and required interest only payment until converted to a term loan, at which point, principal and interest payments were required.

During the year ended December 31, 2024, the Company borrowed an additional \$0.6 million to finance equipment purchases and paid off the entire loan balance in the amount of \$9.2 million.

CIBC Equipment Loan

On November 22, 2024, the Company entered into 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 payment until converted to a term loan, at which point, principal and interest payments are required.

During the year ended December 31, 2024, the Company borrowed \$1.8 million under this facility, which remained outstanding as of December 31, 2024. As of December 31, 2024, borrowings under this facility were converted to a term loan maturing on December 23, 2027.

We were in compliance with our debt covenants for the CIBC Equipment Loan as of December 31, 2024.

Off-Balance Sheet Arrangements and Contractual Obligations

We did not have any off-balance sheet arrangements as of December 31, 2024. Refer to Note Q – Leases within our Consolidated Financial Statements in this Annual Report for a summary of our non-cancelable contractual obligations under operating leases.

The Company has entered into a purchase commitment with Universal Avionics, a subsidiary of Elbit Systems, valued at \$21.0 million for the acquisition of technical equipment for manufacturing our AerAware™ product. The commitment is expected to be partially satisfied during 2025, with the remaining commitment delivery date to be determined.

Critical Accounting Policies and Estimates

The preparation of 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 Consolidated Financial Statements and the reported amounts of revenue and expenses during the reporting periods. Actual results could differ from those estimates. Refer to Note B to the Consolidated Financial Statements in Item 8 of this Annual Report for a discussion of our significant accounting policies and estimates. The following is a summary of critical accounting estimates and additional information on the level of uncertainty regarding relevant changes to the estimates and assumptions.

Revenue Recognition

We measure revenue based on the consideration specified in a contract with a customer, and exclude any sales commissions and taxes collected and remitted to government agencies. We recognize revenue when it satisfies a performance obligation by transferring control over a product or service to a customer. 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. For service revenue, we utilize the input method of cost-to-cost to measure progress and 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 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.

Changes in estimates and assumptions related to our arrangements are recorded using the cumulative catch-up method of accounting. The catch-up adjustment for the current year due to changes in revenue estimates did not have a material impact on our financial statements.

Inventory Cost

We record inventory at the lower of cost or net realizable value. For purchases of whole Flight Equipment for sale or lease, cost is determined using the specific identification method whereby total cost is the cost paid, including certain asset acquisition costs that can be capitalized, to acquire such assets as a whole.

Additionally, we purchase certain whole Flight Equipment to disassemble and supply material for our engine and airframe USM inventory. For Flight Equipment parts that originate from such dismantled aircraft and engines, cost is determined using a ratio calculated based on the relationship of the cost of the dismantled aircraft or engine at the time of purchase to the total estimated sales value of the dismantled aircraft or engine at the time of purchase. At the time of sale, this ratio is applied to the sale price of each individual airframe and/or engine part to determine its allocated cost. At the time of sale, the sum of an individual part's allocated cost and actual repair or overhaul costs incurred represent the total cost for such part.

We evaluate this ratio periodically, and if necessary, update our sales estimates and make prospective adjustments to this ratio. Any amounts identified with an estimated sales value lower than the carrying value is reduced to the estimated net realizable value at the time of the review. Expenditures required for the repair of engine and airframe parts are capitalized as inventory and are expensed as cost of sales when associated parts are sold. Our allocation of inventory between short term and long term reflects the inventory's operating cycle, which is longer than one year due to teardown and repair lead times. Inventory expected to be monetized within 18 months as well as work-in-process and inventory used in MROs are reported under current assets on the Consolidated Balance Sheets. During the year ended December 31, 2024, we adjusted the estimated return in certain product lines as a result of new material received into inventory as well as changes in demand for certain product lines. During the year ended December 31, 2024, the Company recorded additional inventory reserves of \$0.9 million.

Goodwill

In the first quarter of 2024, the Company identified a triggering event that may indicate the fair value of one or more of the Company's reporting units more likely than not did not exceed their carrying values. The triggering event was due to the significant decline in the market price of the Company's common stock. As a result and due to the lack of recovery of the Company's stock price during the year ended December 31, 2024, the Company performed a quantitative goodwill impairment test for the Asset Management Solutions and ACT reporting units for each of the quarters ended March 31, 2024, June 30, 2024, September 30, 2024, and December 31, 2024, and determined that the fair values exceeded the carrying values for each reporting unit of as the end of each quarter tested. As such, the quantitative tests did not result in a goodwill impairment for the Company's reporting units.

As part of our quantitative assessment as of December 31, 2024, we noted that our fair value estimates of the Asset Management Solutions reporting unit exceeded their carrying value by a small margin, which indicates a higher potential risk of goodwill impairment in the future; especially if this reporting unit is unable to achieve projected performance metrics. As of December 31, 2024, the amount of goodwill in the Asset Management Solutions reporting unit amounted to \$13.4 million.

The fair value determination of the Company's reporting units and goodwill is judgmental in nature and requires the use of estimates and assumptions that are sensitive to changes. Such estimates include revenue growth rates, profit margins, and discount rates which consider the risk-free rate as well as company and market specific risk premiums. Revenue estimates for the Asset Management Solutions reporting unit are dependent on our ability to monetize existing Flight Equipment and meet our feedstock acquisition targets. While the Company believes it has made reasonable estimates and assumptions to calculate the fair values of the reporting units, it is possible a material change could occur. As a result, there can be no assurance that the estimates and assumptions made for purposes of the quantitative goodwill and indefinite-lived intangible impairment tests will prove to be an accurate prediction of future results.

Recent Accounting Pronouncements

The most recent adopted and to be adopted accounting pronouncements are described in Note B to AerSale's Consolidated Financial Statements included in this Annual Report.

ITEM 7A 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. 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 SOFR. As of December 31, 2024, we had \$39.2 million outstanding variable rate borrowings under the Revolving Credit Agreement and \$1.8 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 December 31, 2024 would increase our annual interest expense by \$0.6 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 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 year ended December 31, 2024.

ITEM 8 FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

AERSALE CORPORATION

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Report of Independent Registered Public Accounting Firm

Board of Directors and Stockholders
AerSale Corporation

Opinion on the financial statements

We have audited the accompanying consolidated balance sheets of AerSale Corporation (a Delaware corporation) and subsidiaries (the “Company”) as of December 31, 2024 and 2023, the related consolidated statements of operations, stockholders’ equity, and cash flows for each of the three years in the period ended December 31, 2024, and the related notes (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2024, in conformity with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (“PCAOB”), the Company’s internal control over financial reporting as of December 31, 2024, based on criteria established in the 2013 Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”), and our report dated March 10, 2025 expressed an unqualified opinion.

Basis for opinion

These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical audit matters

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Assessment of used serviceable material (“USM”) inventory cost from dismantled aircraft and engines

As described further in Note B to the consolidated financial statements, for aircraft and engine parts that originate from dismantled aircraft and engines (“USM dismantled inventory”), cost is determined using a ratio calculated based on the relationship of the cost of the dismantled aircraft or engine at the time of purchase to the total estimated sales value of the dismantled aircraft or engine at the time of purchase. The Company evaluates this ratio periodically, and if necessary, updates sales value estimates and makes prospective adjustments to this ratio on a product line basis. Any amounts

identified with an estimated sales value lower than the carrying value is reduced to the estimated net realizable value at the time of the review. We identified the assessment of the USM dismantled inventory cost as a critical audit matter.

The principal considerations for our determination that the assessment of the USM dismantled inventory cost, is a critical audit matter are the magnitude of the USM dismantled inventory balance and that certain inputs and assumptions used in determining the USM dismantled inventory cost are subject to significant management judgment. These inputs and assumptions include the future sale and repair cost estimates and the ratio applied to the sale price net of repair cost at the time of sale. The assessment of these inputs required a high degree of auditor judgment in evaluating the future demand for various product lines and repair cost of the USM dismantled inventory and the ratio to be applied to the sale price net of repair cost at the time of sale.

Our audit procedures related to testing the USM dismantled inventory cost, included the following, among others.

- We tested the design and operating effectiveness of controls relating to the Company's USM inventory costing process.
- We tested future sale and repair estimates by examining historical sales and repair cost data as well as incorporating current market information.
- We evaluated the reasonableness of the ratio applied to the sale price net of repair cost of each individual airframe and/or engine part to determine its allocated cost by comparing the selected ratio to supporting documentation.
- We conducted sensitivity analysis around the inventory costing assumptions applied.

Assessment of goodwill impairment within the Asset Management Solutions ("AMS") and Aircraft Composite Technologies ("ACT") reporting units

As described in Note B and F to the consolidated financial statements, goodwill related to the Asset Management Solutions ("AMS") and Aircraft Composite Technologies ("ACT") reporting units was \$13.4 million and \$6.0 million, respectively, as of December 31, 2024. Goodwill is tested at least annually for impairment, or when events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable, by assessing qualitative factors or performing a quantitative analysis in determining whether it is more likely than not that its fair value exceeds the carrying value. A quantitative assessment involves determining the fair value of each reporting unit using market participant assumptions. We identified the assessment of the impairment of goodwill, within the AMS and ACT reporting units as a critical audit matter.

The principal considerations for our determination that the assessment of the impairment of goodwill, within the AMS and ACT reporting units, is a critical audit matter are (i) the significant judgment by management when developing the fair value estimate of the AMS and ACT reporting units; (ii) a high degree of auditor judgment, subjectivity, and effort in performing procedures and evaluating management's significant assumptions related to future revenues and certain operating expenses, operating margins, terminal growth rates, and discount rates; and (iii) the audit effort involved the use of professionals with specialized skill and knowledge.

Our audit procedures related to goodwill impairment within the AMS and ACT reporting units, included the following, among others.

- We tested the design and operating effectiveness of controls relating to management's goodwill impairment assessment, including controls over the valuation of the Company's AMS and ACT reporting units.
- We tested management's process for developing the fair value estimates.
- We tested the completeness and accuracy of underlying data used in the discounted cash flow models.
- We evaluated the reasonableness of the significant assumptions used by management related to future revenues and certain operating expenses, operating margins, terminal growth rates, and discount rates. The evaluation management's assumptions related to future revenues and certain operating expenses, operating margins, and terminal growth rates involved evaluating whether the assumptions used by management were reasonable considering (i) the current and past performance of the AMS and ACT

reporting units; (ii) the consistency with external market and industry data; and (iii) whether the assumptions were consistent with evidence obtained in other areas of the audit.

- Professionals with specialized skill and knowledge were used to assist in evaluating the reasonableness of the discount rate and terminal growth rate assumptions.
- We conducted sensitivity analysis around the discount and revenue growth assumptions applied.

/s/ GRANT THORNTON LLP

We have served as the Company's auditor since 2017

Miami, Florida
March 10, 2025

AERSALE CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets (in thousands, except share and par value data)

	December 31, 2024	December 31, 2023
Current assets:		
Cash and cash equivalents	\$ 4,698	\$ 5,873
Accounts receivable, net of allowance for credit losses of \$1,173 and \$978 as of December 31, 2024 and December 31, 2023, respectively	34,646	31,239
Income tax receivable	1,994	1,628
Inventory:		
Aircraft, airframes, engines, and parts, net	224,832	177,770
Advance vendor payments	6,803	35,757
Deposits, prepaid expenses, and other current assets	11,057	12,507
Total current assets	284,030	264,774
Fixed assets:		
Aircraft and engines held for lease, net	67,847	26,475
Property and equipment, net	36,331	27,692
Inventory:		
Aircraft, airframes, engines, and parts, net	130,958	151,398
Operating lease right-of-use assets	33,105	27,519
Deferred income taxes	10,171	12,203
Deferred financing costs, net	1,296	1,506
Other assets	595	525
Goodwill	19,860	19,860
Other intangible assets, net	20,530	21,986
Total assets	<u>\$ 604,723</u>	<u>\$ 553,938</u>
Current liabilities:		
Accounts payable	\$ 34,184	\$ 29,899
Accrued expenses	7,400	5,478
Lessee and customer purchase deposits	1,734	1,467
Current operating lease liabilities	4,356	4,593
Current portion of long-term debt	605	1,278
Deferred revenue	1,781	2,998
Deferred insurance proceeds	24,910	-
Total current liabilities	74,970	45,713
Revolving credit facility	39,235	29,000
Long-term debt	1,209	7,281
Long-term lease deposits	2,987	102
Long-term operating lease liabilities	30,565	24,377
Maintenance deposit payments and other liabilities	52	64
Warrant liability	85	2,386
Total liabilities	149,103	108,923
Stockholders' equity:		
Common stock, \$0.0001 par value. Authorized 200,000,000 shares; issued and outstanding 53,252,563 and 52,954,430 shares as of December 31, 2024 and December 31, 2023	5	5
Additional paid-in capital	316,493	311,739
Retained earnings	139,122	133,271
Total stockholders' equity	455,620	445,015
Total liabilities and stockholders' equity	<u>\$ 604,723</u>	<u>\$ 553,938</u>

The accompanying notes are an integral part of these consolidated financial statements.

AERSALE CORPORATION AND SUBSIDIARIES

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

	Years ended December 31,		
	2024	2023	2022
Revenue:			
Products	\$ 214,950	\$ 217,455	\$ 284,554
Leasing	22,146	14,513	28,732
Services	107,970	102,535	95,258
Total revenue	345,066	334,503	408,544
Cost of sales and operating expenses:			
Cost of products	141,152	155,376	176,074
Cost of leasing	8,468	4,599	6,929
Cost of services	91,510	82,107	74,147
Total cost of sales	241,130	242,082	257,150
Gross profit	103,936	92,421	151,394
Selling, general and administrative expenses	94,192	103,191	96,348
Income (loss) from operations	9,744	(10,770)	55,046
Other income (expense):			
Interest (expense) income, net	(5,703)	155	1,093
Other income, net	1,495	666	2,268
Change in fair value of warrant liability	2,301	2,270	(525)
Total other (expense) income, net	(1,907)	3,091	2,836
Income (loss) before income tax provision	7,837	(7,679)	57,882
Income tax (expense) benefit	(1,986)	2,116	(14,021)
Net income (loss)	5,851	(5,563)	43,861
Earnings (loss) per share:			
Basic	\$ 0.11	\$ (0.11)	\$ 0.85
Diluted	\$ 0.11	\$ (0.15)	\$ 0.83
Weighted average shares outstanding:			
Basic	53,113,508	51,291,424	51,568,436
Diluted	53,359,085	51,457,821	53,145,639

The accompanying notes are an integral part of these consolidated financial statements.

AERSALE CORPORATION AND SUBSIDIARIES

Consolidated Statements of Stockholders' Equity Years ended December 31, 2024, 2023, and 2022

AerSale Corporation Stockholders
(in thousands, except share data)

	Common stock		Additional	Retained	Shares of	Treasury Stock,	Total
	Amount	Shares	paid-in	earnings	Treasury Stock	at cost	stockholders'
			capital				equity
Balance at December 31, 2021	\$ 5	51,673,099	\$ 313,901	\$ 94,973	\$ -	\$ -	\$ 408,879
Share-based compensation	-	-	16,498	-	-	-	16,498
Shares issued upon exercise of warrants	-	47,867	-	-	-	-	-
Shares issued under the 2020 Employee Stock Purchase Plan	-	46,726	538	-	-	-	538
Shares issued under the 2020 Equity Incentive Plan	-	921,769	-	-	-	-	-
Shares surrendered for tax withholdings on equity awards	-	-	(2,592)	-	-	-	(2,592)
Purchase of treasury stock	-	-	-	-	1,500,000	(22,204)	(22,204)
Retirement of treasury stock	-	(1,500,000)	(22,204)	-	(1,500,000)	22,204	-
Net income	-	-	-	43,861	-	-	43,861
Balance at December 31, 2022	\$ 5	51,189,461	\$ 306,141	\$ 138,834	\$ -	\$ -	\$ 444,980
Share-based compensation	-	-	12,051	-	-	-	12,051
Shares issued under the 2020 Employee Stock Purchase Plan	-	45,755	566	-	-	-	566
Shares issued under the 2020 Equity Incentive Plan	-	1,719,214	-	-	-	-	-
Shares surrendered for tax withholdings on equity awards	-	-	(7,019)	-	-	-	(7,019)
Net loss	-	-	-	(5,563)	-	-	(5,563)
Balance at December 31, 2023	\$ 5	52,954,430	\$ 311,739	\$ 133,271	\$ -	\$ -	\$ 445,015
Share-based compensation	-	-	4,347	-	-	-	4,347
Shares issued under the 2020 Employee Stock Purchase Plan	-	89,923	531	-	-	-	531
Shares issued under the 2020 Equity Incentive Plan	-	208,210	-	-	-	-	-
Shares surrendered for tax withholdings on equity awards	-	-	(124)	-	-	-	(124)
Net income	-	-	-	5,851	-	-	5,851
Balance at December 31, 2024	\$ 5	53,252,563	\$ 316,493	\$ 139,122	\$ -	\$ -	\$ 455,620

The accompanying notes are an integral part of these consolidated financial statements.

AERSALE CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows (in thousands)

	Years ended December 31,		
	2024	2023	2022
Cash flows from operating activities:			
Net income (loss)	\$ 5,851	\$ (5,563)	\$ 43,861
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities			
Depreciation and amortization	16,048	10,459	10,984
Amortization of debt issuance costs	337	400	455
Amortization of operating lease assets	365	359	873
Inventory reserve	3,695	1,507	2,376
Impairment of aircraft held for lease	-	-	857
Provision for doubtful accounts	195	-	(395)
Deferred income taxes	2,032	(916)	(2,387)
Change in fair value of warrant liability	(2,301)	(2,270)	525
Share-based compensation	4,347	12,051	16,498
Gain on legal settlement	-	-	(1,695)
Changes in operating assets and liabilities:			
Accounts receivable	(3,601)	(2,966)	(1,029)
Income tax receivable	(366)	(1,628)	-
Inventory	(78,029)	(168,632)	(37,637)
Deposits, prepaid expenses, and other current assets	1,450	(1,772)	5,211
Other assets	(745)	103	893
Advance vendor payments	28,954	(5,884)	(15,586)
Accounts payable	4,287	8,768	1,164
Income tax payable	-	-	(3,443)
Accrued expenses	1,832	(3,537)	417
Deferred revenue	(1,217)	1,643	(1,505)
Lessee and customer purchase deposits	3,152	(15,668)	(18,027)
Deferred insurance proceeds	24,910	-	-
Other liabilities	(12)	(604)	(2,523)
Net cash provided by (used in) operating activities	11,184	(174,150)	(113)
Cash flows from investing activities:			
Proceeds from sale of assets	12,900	14,450	52,771
Proceeds from legal settlement, net	-	-	4,195
Acquisition of aircraft and engines held for lease, including capitalized cost	(14,978)	-	(7,133)
Purchase of property and equipment	(14,052)	(11,359)	(8,462)
Net cash (used in) provided by investing activities	(16,130)	3,091	41,371
Cash flows from financing activities:			
Proceeds from long-term debt	2,429	8,559	-
Repayments of long-term debt	(9,174)	-	-
Proceeds from revolving credit facility	192,644	82,700	-
Repayments of revolving credit facility	(182,409)	(53,700)	-
Payments of debt issuance costs	(126)	(1,362)	-
Purchase of treasury stock	-	-	(22,204)
Taxes paid related to net share settlement of equity awards	(124)	(7,019)	(2,592)
Proceeds from the issuance of Employee Stock Purchase Plan shares	531	566	538
Net cash provided by (used in) financing activities	3,771	29,744	(24,258)
(Decrease) increase in cash and cash equivalents	(1,175)	(141,315)	17,000
Cash and cash equivalents, beginning of period	5,873	147,188	130,188
Cash and cash equivalents, end of period	\$ 4,698	\$ 5,873	\$ 147,188
Supplemental disclosure of cash activities			
Income tax (refunds) payments, net	(13)	1,159	21,489
Interest paid	5,648	1,520	573
Supplemental disclosure of noncash investing activities			
Reclassification of aircraft and aircraft engines inventory to (from) aircraft and engine held for lease, net	43,210	7,036	(25,803)
Reclassification of customer purchase deposits to sale of assets	-	-	12,500

The accompanying notes are an integral part of these consolidated financial statements.

AERSALE CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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 (the “Closing Date”), 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.

Description of the Business

The Company is a worldwide provider of aftermarket commercial aircraft and engines (“Flight Equipment”) and their parts to airlines, leasing companies, manufacturers of original equipment, government and defense contractors, and repair and overhaul service providers. We focus on mid-life assets and monetize them through our Asset Management Solutions segment. Asset Management Solutions activities include monetization of the assets through leasing or sale of whole asset components, or through teardown activities in support of our Used Serviceable Material (“USM”) activities. Our monetizing services have been developed to maximize returns on mid-life commercial aircraft and engines (“Flight Equipment”) throughout their operating life, in conjunction with realizing the highest residual value of Flight Equipment at their retirement. We do this by utilizing our deep market and technical knowledge in management of Flight Equipment sales, leasing and Maintenance, Repair, and Overhaul (“MRO”) activities. Beyond providing asset management services on our own Flight Equipment, we additionally provide asset management services to third-party clients complementing their infrastructure to optimize their Flight Equipment investments. While our offering to customers includes leasing of mid-life Flight Equipment, this service is offered in the context of a broader strategy to extract the maximum value from those assets. Frequently, we will offer a lease of an asset for the time period before its next scheduled overhaul (“green time”) on a short term or “spot” lease, with the intent of disassembling the asset at the conclusion of the lease. In turn, the vast majority of assets that we acquire are ultimately disassembled into parts once the remaining green time has been utilized.

Through its TechOps segment, the Company also operates six Federal Aviation Administration (“FAA”) Title 14 Code of Federal Regulations Part 145 Certified Repair Facilities (the MROs) located in Goodyear, Arizona, Millington, Tennessee, Roswell and Albuquerque, New Mexico, as well as two facilities in Miami, Florida. These facilities provide the Company flexibility and control to quickly prepare Company aircraft, engines, and inventory for market, as their selective refurbishment is frequently required to meet customers’ unique demand. In addition to maintaining the Company’s fleet of aircraft, the MROs provide external customer support for maintaining their aircraft with general maintenance, preservation, lease return work, repair services, and long-term storage programs. Leveraging its robust engineering team, TechOps also provides highly specialized technical support to our MRO facilities, as well as developing advanced technical repairs, modifications and products marketed as Engineered Solutions. Engineered Solutions includes the design, manufacture, and installation of new products, systems, and services that can enhance aircraft performance, safety, and service life.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation and Basis of Presentation

The accompanying consolidated financial statements include the accounts of the Company and all of its wholly owned subsidiaries. All significant intercompany balances and transactions are eliminated upon consolidation.

Cash and Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The Company’s cash equivalents are held primarily in interest-bearing accounts.

Foreign Currency

The Company has determined that the functional currency for its foreign subsidiaries is the U.S. dollar. The primary economic environment in which the entities generate or expend cash is in U.S. dollars as evidenced by the cash flows in or out from revenue, operating expenses, investing, and financings. Only general office expenses and payroll transactions are denominated in local currency of our foreign subsidiaries.

Accounts Receivable

Accounts receivable include amounts receivable from customers for aircraft and engine parts sales, aircraft and engine basic and supplemental rents, and aircraft services. Contingent rents, also referred to as supplemental rent, which are unbilled, are also included in accounts receivable.

The Company sells to a variety of customers worldwide. For certain transactions and customers not requiring payment in full prior to shipment of goods, the Company extends credit based on an evaluation of the customers’ financial condition. The Company monitors exposure to credit losses and maintains an allowance for doubtful accounts for estimated losses in its accounts receivable portfolio. In establishing the required allowance, management considers historical losses, current market conditions, customers’ financial condition, amount of receivables in dispute, current receivables aging, and current payment patterns. Account balances are written off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. A rollforward of the allowance for credit losses is as follows (in thousands):

	Year ended December 31,	
	2024	2023
Balance at beginning of year	\$ 978	\$ 1,074
Provision	195	-
Write-offs	-	(96)
Balance at end of year	<u>\$ 1,173</u>	<u>\$ 978</u>

On June 9, 2014, an aircraft leased to Air Indus suffered significant damage as the result of a terrorist attack. At that time, the Company recorded an impairment to the asset of \$2.5 million to adjust the carrying amount to the estimated residual value of \$1.1 million. The Company filed an insurance claim and recorded an insurance receivable of \$2.5 million, offsetting the impairment loss, which was recorded in accounts receivable in the Company's Consolidated Balance Sheet as of December 31, 2021. In accordance with accounting principles generally accepted in the United States ("U.S. GAAP"), the probable amount of the insurance recovery, limited to the amount of the loss recognized, was recorded as the insurance receivable. Effective November 30, 2022, a final settlement was reached and insurance proceeds net of expenses of \$4.2 million were received, of which \$1.7 million was classified as other income, net on the Consolidated Statements of Operations.

Inventory

Inventory, which consists of complete Flight Equipment held for sale, as well as related parts, is valued at the Lower of Cost or Net Realizable Value ("NRV") value. For purchases of whole aircraft and engines for sale or lease, cost is determined using the specific identification method whereby total cost is the cost paid, including certain capitalizable asset acquisition costs, to acquire such assets as a whole.

Additionally, the Company purchases certain whole Flight Equipment to disassemble and supply its engine and airframe parts inventory. For aircraft and engine parts that originate from such dismantled Flight Equipment, cost is determined using a ratio calculated based on the relationship of the cost of the dismantled aircraft or engine at the time of purchase to the total estimated sales value of the dismantled aircraft or engine at the time of purchase. At the time of sale, this ratio is applied to the sale price of each individual airframe and/or engine part to determine its allocated cost. At the time of sale, the sum of an individual part's allocated cost and actual repair or overhaul costs incurred represent the total cost for such part. Our allocation of inventory between short term and long term reflects the inventory's operating cycle, which is longer than one year due to teardown and repair lead times. Inventory expected to be monetized within 18 months as well as work-in-process and inventory used in MROs are reported under current assets on the Consolidated Balance Sheets. Inventory not expected to be sold within the operating cycle is classified as noncurrent inventory on the Consolidated Balance Sheets.

The Company evaluates this ratio periodically, and if necessary, updates sales value estimates and makes prospective adjustments to this ratio on a product line basis. Any amounts identified with an estimated sales value lower than the carrying value is reduced to the estimated net realizable value at the time of the review. The Company recorded additional inventory reserves due to this NRV valuation, which is reflected as a component of cost of products in the Consolidated Statements of Operations. These additional inventory reserves were as follows (in thousands):

	<u>Year ended December 31,</u>	
	<u>2024</u>	<u>2023</u>
Inventory reserves	\$ 897	\$ -

Expenditures required for the repair of engine and airframe parts are capitalized as inventory and are expensed as cost of products when associated parts are sold.

The Company periodically evaluates its complete aircraft and engines in inventory and Flight Equipment held for lease to determine if events or market circumstances indicate that the assets' most likely disposition has changed. Should conditions prevail at the time of the Company's Consolidated Balance Sheets that would suggest a more likely use as an asset held for lease rather than sale or disassembly for parts inventory or vice versa, it will be reclassified at its then-current book value between inventory and fixed assets - aircraft and engines held for lease, net. This transaction is a noncash item and if it occurs, is reflected in the schedule of supplemental cash flows.

The carrying value of inventory is reviewed regularly, giving consideration to factors such as its physical condition, sales patterns, and expected future demand to estimate the amount necessary to write down our slow-moving, obsolete, or damaged inventory. Such inventory may be held for periods beyond one year. The Company recorded

inventory scrap losses which are reflected as a component of cost of products in the accompanying Consolidated Statements of Operations. These scrap losses are as follows (in thousands):

	Year ended December 31,	
	2024	2023
Scrap loss reserves	\$ 2,798	\$ 1,507

Flight Equipment Held for Lease

Flight Equipment held for lease is stated at cost, less accumulated depreciation. Certain internal and external professional fees, major improvements, modifications, and maintenance incurred in connection with the acquisition of Flight Equipment that are required to get the Flight Equipment ready for initial service are capitalized and depreciated over the remaining life of the Flight Equipment, and are reported in the investing activities section of the Consolidated Statements of Cash Flows. Subsequent to placing Flight Equipment into service, the cost of maintenance and improvements to Flight Equipment is normally expensed unless the improvements materially increase the long-term value of the Flight Equipment or extend the useful life of the Flight Equipment. The capitalized cost is depreciated over the lesser of the remaining useful life of the Flight Equipment or the estimated useful life of the capitalized improvements. Aircraft airframe components are depreciated over the assets' useful life using the straight-line method to the estimated residual value based on the total remaining life before disassembly or outright scrap metal value. Aircraft current useful life is 7 years. Engines are depreciated using the straight-line method to the estimated residual value based on the total life remaining before disassembly. To arrive at the total engine life remaining before disassembly, the remaining life of the engine's life-limited parts, the estimated utilization, and condition, as well as the aircraft fleet supported by the engine model are considered. Upon completion of its service life as a leased asset, Flight Equipment is reclassified to inventory at its carrying value. The Company discontinues the depreciation of Flight Equipment when it is held as inventory for ultimate parts sales. Differences between estimates of useful lives and residual values and actual experience may result in future impairments of aircraft or engines and/or additional gains or losses upon disposal. The Company reviews residual values of aircraft and engines periodically based on knowledge of current residual values and residual value trends to determine if they are appropriate and records adjustments as necessary. Cash flows related to the purchase and sale of Flight Equipment are presented as operating activities when the predominant source of cash flows related to the asset is from the ultimate parts sales of the assets. If the predominant source of cash flows related to the asset is expected to be from leasing of the asset, the cash flows are presented as investing activities.

Property and Equipment

Property and equipment are recorded at cost less accumulated depreciation. Depreciation is recognized over the estimated useful lives of the respective assets on a straight-line basis, ranging from 1 to 15 years. Leasehold improvements are amortized on a straight-line basis over the shorter of the terms of the respective leases and the estimated useful lives of the respective assets. Property and equipment held under capital leases are amortized on a straight-line basis over the shorter of the lease term or estimated useful life of the asset. Repairs and maintenance expenditures are expensed as incurred, unless such expenses extend the useful life of the asset, in which case they are capitalized.

Goodwill

In accordance with Accounting Standards Codification ("ASC") 350, "Intangibles — Goodwill and Other," goodwill is tested at least annually for impairment, or when events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable, by assessing qualitative factors or performing a quantitative analysis in determining whether it is more likely than not that its fair value exceeds the carrying value. A quantitative assessment involves determining the fair value of each reporting unit using market participant assumptions. An entity should recognize an impairment charge for the amount by which the carrying amount of a reporting unit exceeds its fair value up to the amount of goodwill allocated to that reporting unit. Our annual assessment date for goodwill is October 1st.

For purposes of reviewing impairment and the recoverability of goodwill, we must make various assumptions regarding estimated future cash flows and other factors in determining the fair values of the reporting unit, including market multiples, discount rates, etc.

In the first quarter of 2024, the Company identified a triggering event that may indicate the fair value of one or more of the Company's reporting units more likely than not did not exceed their carrying values. The triggering event was due to the significant decline in the market price of the Company's common stock. As a result and due to the lack of recovery of the Company's stock price during the year ended December 31, 2024, the Company performed a quantitative goodwill impairment test for the Asset Management Solutions and ACT reporting units for each of the quarters ended March 31, 2024, June 30, 2024, September 30, 2024, and December 31, 2024, and determined that the fair values exceeded the carrying values for each reporting unit of as the end of each quarter tested. As such, the quantitative tests did not result in a goodwill impairment for the Company's reporting units.

The Company performed a quantitative impairment analysis as of October 1, 2023 on the goodwill for the Asset Management Solutions and TechOps segments (see Note P – Business Segments for a discussion about our business segments), and updated through December 31, 2023, concluding that the fair value of each reporting unit exceeded its carrying value, and thus no impairment was recorded.

Other Intangible Assets

Intangibles arising from business combinations, including customer relationships, FAA certificates, and AerAware flight manuals, are initially recorded at fair market value. Customer relationships are amortized over ten years. Straight-line amortization is utilized. Where there are no legal, regulatory, contractual, or other factors that would reasonably limit the useful life of an intangible assets, that asset is classified as indefinite lived and such intangible assets are not amortized.

Other intangible assets with indefinite lives are assessed for impairment annually, or more frequently when events or circumstances indicate there may be an impairment. These assets are carried at the estimated fair value at the time of acquisition. Our annual assessment date for indefinite lived intangible assets is July 1st.

The Company performed a qualitative impairment analysis as of July 1, 2024, and a quantitative impairment analysis as of July 1, 2023 on the indefinite lived intangible assets and concluded there were no impairments, respectively.

Other intangible assets are reviewed for impairment if any event or change in circumstance indicates that an impairment may have occurred. The Company annually reviews the estimated lives and methods used to amortize other intangible assets. The actual amounts of amortization expense may differ materially from our estimates, depending on the results of our annual review.

Impairment of Long-Lived Assets

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Such events and circumstances include, but are not limited to, prolonged industry downturns, a significant decline in the Company's market value, and significant reductions in the Company's projected cash flows. If circumstances require a long-lived asset or asset group to be tested for possible impairment, the Company first compares undiscounted cash flows expected to be generated by that asset or asset group to its carrying amount. If the carrying amount of the long-lived asset or asset group is not recoverable on an undiscounted cash flow basis, an impairment is recognized to the extent that the carrying amount exceeds its fair value. Fair value is determined through various valuation techniques including discounted cash flow models, quoted market values, and third-party independent appraisals, as considered necessary.

Obligations and Instruments Potentially Settled in the Company's Common Stock

In connection with any obligations and instruments potentially to be settled in the Company's stock, the Company accounts for the instruments in accordance with ASC Topic 815, Accounting for Derivative Financial Instruments Indexed to, and Potentially Settled in a Company's Own Stock ("ASC 815"). ASC 815 addresses the initial balance sheet classification and measurement of contracts that are indexed to, and potentially settled in, the Company's stock. Under this pronouncement, contracts are initially classified as equity or as either assets or liabilities, depending on the situation. All contracts are initially measured at fair value and subsequently accounted for based on the then current classification.

Contracts initially classified as equity do not recognize subsequent changes in fair value as long as the contracts continue to be classified as equity. For contracts classified as assets or liabilities, the Company reports changes in fair value in earnings and records these changes in the financial statements as long as the contracts remain classified as assets or liabilities. If contracts classified as assets or liabilities are ultimately settled in shares, any previously reported gains or losses on those contracts continue to be included in earnings. The classification of a contract is reassessed at each balance sheet date.

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 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 cause the revenue recognition. Payment is required in full upon customers’ acceptance of the whole asset on the date of the transfer, unless the Company extends credit terms to customers it deems creditworthy.

Leasing Revenue

The Company leases 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 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 consolidated statements of operations, and are not considered a performance obligation to our customers. Our reported revenue on our consolidated statements of operations is net of any sales or related non-income taxes.

Maintenance and Repair Costs

The cost of maintenance, repairs, and re-leasing of Flight Equipment that does not extend the useful life of Flight Equipment is expensed as incurred. Costs incurred for planned major maintenance activities that materially increase the long-term value of the Flight Equipment or extend the useful life of the Flight Equipment are capitalized and depreciated over the lesser of the remaining useful life of the Flight Equipment or the estimated useful life of the capitalized improvements.

Pursuant to certain of the Company's aircraft leases, the lessee is responsible for performing required maintenance and repairs on the leased asset, and is required to make monthly maintenance reserve payments to the Company, in arrears following the usage month. Upon the lessee's presentation of invoices evidencing the completion of qualifying maintenance, the Company will reimburse the lessee for the cost of the maintenance, up to the amount of the maintenance reserve payments that have been received by the Company. Unless otherwise provided in the contract, the Company

records such maintenance reserve payments paid by the lessees as maintenance deposit payments and other liabilities in the accompanying Consolidated Balance Sheets to record the Company's contractual commitment to reimburse such qualifying maintenance. Reimbursements to the lessees upon receipt of evidence for qualifying maintenance work are charged against the existing maintenance deposit payments and other liabilities.

For other lease contracts (primarily engine lease contracts) where the terms of the lease are designed specifically to allow the Company to directly manage the occurrence, timing, and associated cost of qualifying maintenance work on the Flight Equipment, maintenance reserve payments collected during the lease are recognized as leasing revenue in the period earned.

Any amounts of maintenance reserve payments remaining at the end of a lease contract are recognized as lease revenue or applied against outstanding accounts receivable at lease termination.

Share Based Compensation

The Company accounts for share-based compensation to employees in accordance with ASC 718, Compensation—Stock Compensation ("ASC 718"). Under ASC 718, the Company measures the cost of employee services received in exchange for an award of equity instruments based on the grant-date fair value of the award and, for those awards subject only to service conditions, the Company recognizes the costs on a straight-line basis over the requisite service period for the entire award the employee is required to provide service in exchange for the award, which generally is the vesting period. For awards with performance and service conditions, we begin recording share-based compensation when achieving the performance criteria is probable and we recognize the costs using the accelerated attribution method. Our policy is to recognize forfeitures as they occur.

The estimated number of stock awards that will ultimately vest requires judgment, and to the extent actual results or updated estimates differ from the Company's current estimates, such amount will be recorded as a cumulative adjustment in the period estimates are revised. Changes in the Company's estimates and assumptions may cause us to realize material changes in share-based compensation expense in the future.

The Company has issued share-based awards with performance-based vesting criteria. Achievement of the milestones must be probable before the Company begins recording share-based compensation expense. When the performance-based vesting criteria is considered probable, the Company begins to recognize compensation expense at that time. In the period that achievement of the performance-based criteria is deemed probable, US GAAP requires the immediate recognition of all previously unrecognized compensation since the original grant date. As a result, compensation expense recorded in the period that achievement is deemed probable could include a substantial amount of previously unrecorded compensation expense related to the prior periods. For any share-based awards where performance-based vesting criteria is no longer considered probable, previously recognized compensation cost would be reversed.

The Company applies Accounting Standards Update ("ASU") 2018-07, Improvements to Nonemployee Share-Based Payment Accounting, which generally expands the scope of ASC 718 to include share-based payment transactions for acquiring goods and services from nonemployees and supersedes the guidance in ASC 505-50, Equity-Based Payments to Non-employees, which previously included the accounting for nonemployee awards.

Sales Taxes

The Company's policy is to present taxes collected from customers and remitted to governmental authorities on a net basis. The Company records the amounts collected as a current liability and relieves such liability upon remittance to the taxing authority without impacting revenue or expenses.

Earnings Per Share

Basic earnings (loss) per share is computed by dividing net earnings (loss) attributable to the Company's common stockholders by the weighted average number of common shares outstanding during the periods. Diluted earnings (loss) per share reflects the potential dilution that could occur if securities or other contracts to issue common stock were

exercised or converted into common stock and is calculated using the treasury stock method for stock options and unvested shares.

Deferred insurance proceeds

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 a \$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. During the year ended December 31, 2024, the Company collected interim funding from the insurance companies associated with this claim in the amount of \$30.9 million and collected \$3.7 million subsequent to the balance sheet date. The Company has deferred the recognition of a gain on insurance proceeds collected under this claim in excess of the loss amount until a full settlement of the claim is reached with our insurers. The deferred gain in the amount of \$24.9 million as of December 31, 2024 is presented under deferred insurance proceeds in the Consolidated Balance Sheets.

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.

Revision of Prior Period Financial Statements

Certain balances in the Consolidated Balance Sheet as of December 31, 2023 and the Consolidated Statements of Cash Flows for the years ended December 31, 2023 and 2022 have been reclassified to conform to the presentation in the consolidated financial statements as of and for the year ended December 31, 2024, primarily including the reclassification of deposits for Flight Equipment purchases from deposits, prepaid expenses, and other current assets to advance vendor payments. Such reclassification did not impact net income (loss), stockholders' equity or total cash flows from operating activities, and did not have a material impact on the consolidated financial statements.

New Accounting Pronouncements Adopted

In November 2023, the Financial Accounting Standards Board ("FASB") issued ASU 2023-07 Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures ("ASU 2023-07"). The amendments in ASU 2023-07 are intended to improve reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses that are regularly provided to the chief operating decision maker and included within each reported measure of segment profit or loss. In addition, the amendments enhance interim disclosure requirements, clarify circumstances in which an entity can disclose multiple segment measures of profit or loss, provide new segment disclosure requirements for entities with a single reportable segment, and contain other disclosure requirements. The amendments in ASU 2023-07 were adopted by the Company as of January 1, 2024 and retrospectively applied. Refer to Note P – Business Segments, for disclosures resulting from the adoption of ASU 2023-07. 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 December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures, 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, with early adoption permitted. This guidance is required to be adopted by us in the first quarter of 2025. We are currently evaluating the impact of this guidance on our consolidated financial statements and disclosure.

In November 2024, the FASB issued ASU 2024-03, Reporting Comprehensive Income—Expense Disaggregation Disclosures, 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 - SIGNIFICANT RISKS AND UNCERTAINTIES

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires 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 consolidated financial statements and the reported amounts of revenue and expenses during the reporting periods. Actual results could differ from those estimates.

Significant items subject to such estimates and assumptions include the useful lives of property and equipment, useful lives and residual values of Flight Equipment held for lease, allowances for doubtful accounts and sales returns, the income tax provision, impairment of long-lived assets, valuation of inventory, and valuation and useful lives of intangibles, goodwill and contingencies.

Risks and Uncertainties

The Company is impacted by the general economic conditions of the commercial aviation industry. A decrease in passenger and/or air cargo traffic worldwide could result in strains on the Company's lessees and cause them to default under their leases with the Company, which could negatively impact the Company's cash flows and results of operations. The value of Flight Equipment held for operating leases is subject to fluctuations in the values of commercial aircraft and engines worldwide. A material decrease in aircraft or engine values could have a downward impact on lease rentals and residual values and may require impairments to be taken on such assets. Additionally, impairment charges may be required to reduce the carrying value of inventory.

The nature of the Company's business is capital intensive and demands significant capital requirements. To meet the Company's current purchase commitments and future aircraft and engine acquisitions, the Company may need to (i) access committed debt facilities, and/or (ii) secure additional financing, and/or (iii) use existing available cash balances.

The Company is also subject to regulation by various governmental agencies with responsibilities over civil aviation. Increased regulations imposed by organizations such as the FAA may significantly affect industry operations.

The Company conducts business in certain foreign countries, some of which are politically unstable or subject to military or civil conflicts. Consequently, the Company is subject to a variety of risks such as civil strife, political instability, import and export regulations, compliance with foreign laws, treaties, regulations, uncertainties arising from foreign local

less developed business practices, difficulty in repossessing Flight Equipment when a lessee defaults, cultural considerations, restriction on fund transfers, and exposure to the FCPA and other anti-bribery laws.

The Company periodically reviews the carrying values of accounts receivable, inventory, goodwill, intangible assets, and long-lived assets; the recoverable value of deferred income tax assets, and the sufficiency of accruals and provisions, substantially all of which are sensitive to the above risks and uncertainties.

Concentrations of Credit Risk

Financial instruments that potentially subject the Company to credit risk principally consist of cash and cash equivalents and accounts receivable.

During the year ended December 31, 2024, one customer accounted for 15% of total revenue. During the year ended December 31, 2023, two customers accounted for 25% of total revenue. During the year ended December 31, 2022, one customer accounted for 19% of total revenue.

No customer made up more than 10% of our trade receivable balance as of December 31, 2024. One customer made up 20% of our trade receivable balance as of December 31, 2023.

Cash

The Company maintains cash and cash equivalent balances with high-quality financial institutions, which at times exceed the Federal Deposit Insurance Corporation insurance limits. While the Company monitors daily the cash balances in its operating accounts and adjusts the balances as appropriate, these balances could be impacted if one or more of the financial institutions with which the Company deposits fails or is subject to other adverse conditions in the financial or credit markets. To date, the Company has experienced no loss or lack of access to its invested cash or cash equivalents; however, no assurance can be provided that access to invested cash and cash equivalents will not be impacted by adverse conditions in the financial and credit markets.

Subsequent Events

The Company evaluates subsequent events and transactions that occur after the balance sheet date up to the date that the consolidated financial statements were issued.

NOTE D - 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):

	December 31, 2024	December 31, 2023	Change
Contract assets	\$ 6,166	\$ 6,474	\$ (308)

Contract assets are reported within deposits, prepaid expenses, and other current assets on our 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 our Consolidated Balance Sheets and amounted to \$3.0 million as of December 31, 2023, of which \$2.7 million was related to contract liabilities for services to be performed. For the year ended December 31, 2024, the Company recognized as revenue the entire opening balance of our contract liabilities included in the deferred revenue beginning balance for services performed as the timing between customer payments and our performance of the services is generally no longer than six months.

Disaggregation of Revenue

The Company reports revenue by segment. The following tables present revenue by segment, as well as a reconciliation to total revenue (in thousands):

Year ended December 31, 2024			
	Asset Management Solutions	TechOps	Total Revenue
USM	\$ 83,174	\$ 16,454	\$ 99,628
Whole asset sales	110,147	-	110,147
Engineered solutions	-	5,175	5,175
Total products	193,321	21,629	214,950
Leasing	22,146	-	22,146
Services	-	107,970	107,970
Total revenue	\$ 215,467	\$ 129,599	\$ 345,066

Year ended December 31, 2023			
	Asset Management Solutions	TechOps	Total Revenue
USM	\$ 63,418	\$ 15,278	\$ 78,696
Whole asset sales	137,236	218	137,454
Engineered solutions	-	1,305	1,305
Total products	200,654	16,801	217,455
Leasing	14,513	-	14,513
Services	-	102,535	102,535
Total revenue	\$ 215,167	\$ 119,336	\$ 334,503

Year ended December 31, 2022			
	Asset Management Solutions	TechOps	Total Revenue
USM	\$ 50,125	\$ 8,146	\$ 58,271
Whole asset sales	198,750	23,737	222,487
Engineered solutions	-	3,796	3,796
Total products	248,875	35,679	284,554
Leasing	28,732	-	28,732
Services	-	95,258	95,258
Total revenue	\$ 277,607	\$ 130,937	\$ 408,544

NOTE E-INVENTORY

Inventory consisted of the following (in thousands):

	December 31, 2024	December 31, 2023
USM	\$ 118,025	\$ 58,857
Whole assets	141,770	186,845
Work-in-process	27,358	22,270
MRO and engineered solutions	68,637	61,196
	\$ 355,790	329,168
Less short term	(224,832)	(177,770)
Long term	\$ 130,958	\$ 151,398

NOTE F-INTANGIBLE ASSETS

In accordance with ASC 350, Intangibles—Goodwill and Other, 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, customer relationships and FAA certifications. The assumptions we 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.

Goodwill and other intangibles consisted of the following (in thousands):

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

In the first quarter of 2024, the Company identified a triggering event indicating the fair value of one or more of the Company's reporting units more likely than not did not exceed their carrying values. The triggering event was due to the significant decline in the market price of the Company's common stock. As a result and due to the lack of recovery of the Company's stock price during the year ended December 31, 2024, the Company performed a quantitative goodwill

impairment test for the Asset Management Solutions and ACT reporting units for each of the quarters ended March 31, 2024, June 30, 2024, September 30, 2024, and December 31, 2024, and determined that the fair values exceeded the carrying values for each reporting unit of as the end of each quarter tested. As such, the quantitative tests did not result in a goodwill impairment for the Company's reporting units. In addition, the Company performed a qualitative assessment as of July 1, 2024 of other intangible assets with indefinite lives and concluded it was unlikely that they were impaired.

The Company performed a quantitative impairment analysis as of October 1, 2023 on the goodwill for the Asset Management Solutions and TechOps segment, and concluded there was no impairment. The Company performed a qualitative impairment analysis as of July 1, 2024, and a quantitative impairment analysis as of July 1, 2023 on the intangible assets with indefinite lives and concluded there were no impairments, respectively.

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

	Useful Life In Years	December 31, 2024	December 31, 2023
Qwest:			
Customer relationships	10	\$ 4,187	\$ 5,163
ALGS:			
Customer relationships	10	10	30
ACS:			
Customer relationships	10	823	1,033
ACT:			
Customer relationships	10	4,505	5,430
AerSale:			
AerAware Flight manuals	10	675	-
Total intangible assets with definite lives, net		<u>\$ 10,200</u>	<u>\$ 11,656</u>

Amortization expense was as follows (in thousands):

	Year ended December 31,		
	2024	2023	2022
Amortization expense	\$ 2,131	\$ 2,126	\$ 2,136

The estimated aggregate amount of amortization expense for intangible assets as follows (in thousands):

Year ending December 31:	
2025	\$ 2,189
2026	2,179
2027	2,179
2028	2,162
2029	1,155
Thereafter	336
Total Estimated Aggregate Amortization Expense	<u>\$ 10,200</u>

Accumulated amortization amounted to \$11.5 million and \$9.3 million as of December 31, 2024 and December 31, 2023, respectively.

There has been no goodwill activity for the years ended December 31, 2024 and 2023.

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. No triggering events have been identified for the periods reported.

NOTE G - PROPERTY AND EQUIPMENT, NET

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

	Useful Life In Years	December 31, 2024	December 31, 2023
Tooling and equipment	5 – 15	\$ 17,481	\$ 16,024
Furniture and other equipment	3 – 15	13,985	12,076
Computer software	3 – 5	2,555	2,374
Leasehold improvements	2 – 15	25,527	16,269
Equipment under capital lease	-	-	192
Flight equipment held for R&D	1	8,383	7,784
		67,931	54,719
Less accumulated depreciation		(31,600)	(27,027)
		<u>\$ 36,331</u>	<u>\$ 27,692</u>

Depreciation expense was as follows (in thousands):

	Year ended December 31,		
	2024	2023	2022
Depreciation expense	\$ 5,501	\$ 3,736	\$ 2,242

NOTE H - AIRCRAFT AND ENGINES HELD FOR LEASE AND LEASE, NET

Aircraft and engines held for operating leases, net, consists of the following (in thousands):

	December 31, 2024	December 31, 2023
Aircraft and engines held for lease	\$ 96,910	\$ 58,136
Less accumulated depreciation	(29,063)	(31,661)
	<u>\$ 67,847</u>	<u>\$ 26,475</u>

The Company did not record an impairment of leased assets during the years ended December 31, 2024 and 2023, respectively. The Company recorded an impairment \$0.9 million for the year ended December 31, 2022, and is included in cost of leasing in the Consolidated Statements of Operations.

Total depreciation expense included in cost of leasing in the Consolidated Statements of Operations is as follows (in thousands):

	Year ended December 31,		
	2024	2023	2022
Depreciation expense	\$ 8,416	\$ 4,597	\$ 6,606

Contingent rental fees recognized as revenue related to supplemental rent were as follows (in thousands):

	Year ended December 31,		
	2024	2023	2022
Contingent rental fees	\$ 11,717	\$ 7,693	\$ 12,776

The Company's current operating lease agreements for Flight Equipment on lease expire over the next month to six years. The minimum future lease rentals contracted to be received under these existing operating leases of Flight Equipment at December 31, 2024 are as follows (in thousands):

Year ending December 31:

2025	\$	23,277
2026		14,136
2027		6,973
2028		2,341
2029		2,335
Thereafter		2,200
Total minimum lease payments	\$	51,262

These amounts are based upon the assumption that Flight Equipment under operating leases will remain on lease for the length of time specified by the respective lease agreements.

NOTE I - FAIR VALUE MEASUREMENTS

Fair value measurements and disclosures require the use of valuation techniques to measure fair value that maximize the use of observable inputs and minimize use of unobservable inputs. These inputs are prioritized as follows:

- Level 1: Observable inputs such as quoted prices in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities or market corroborated inputs.
- Level 3: Unobservable inputs for which there is little or no market data and which require the Company to develop our own assumptions about how market participants price the asset or liability. The valuation techniques that may be used to measure fair value are as follows:
 - Market approach—Uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.
 - Income approach—Uses valuation techniques to convert future amounts to a single present amount based on current market expectation about those future amounts.
 - Cost approach—Based on the amount that currently would be required to replace the service capacity of an asset (replacement cost).

The Company measures the fair value of certain assets and liabilities on a nonrecurring basis when U.S. GAAP requires the application of fair value, including events or changes in circumstances that indicate that the carrying amounts of assets may not be recoverable. Assets subject to these measurements include intangible assets acquired in business combinations.

The Company's financial instruments, other than cash and cash equivalents, consist principally of accounts receivable and accounts payable. The fair value of such approximates the carrying value of these financial instruments because of their short-term nature.

Borrowings under the Revolving Credit Agreement (as defined in Note L – Financing Arrangements) approximate fair value due to the variable interest rate on the facility. The Company's borrowings under the Revolving Credit Agreement are carried at historical cost and adjusted for principal payments.

Borrowings under the CIBC Equipment Loan (as defined in Note L – Financing Arrangements) approximate fair value due to the variable interest rate on the loan and its origination during the year ended December 31, 2024. The Company's borrowings under the Equipment Loan are carried at historical cost and adjusted for principal payments.

NOTE J - ACCRUED EXPENSES

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

	December 31, 2024	December 31, 2023
Accrued compensation and related benefits	\$ 3,457	\$ 2,241
Accrued legal fees	741	854
Commission fee accrual	758	260
Accrued federal, state and local taxes and fees	120	105
Other	2,324	2,018
	<u>\$ 7,400</u>	<u>\$ 5,478</u>

NOTE K - WARRANT LIABILITY

As of December 31, 2024 and 2023, warrants to purchase a total of 623,834 shares of the Company's common stock were outstanding (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. During 2022, a private warrant holder initiated a cashless exercise of 126,166 warrants for the purchase of shares of common stock at an exercise price of \$11.50 per share and we issued 47,867 shares of common stock based on the fair value at the date of exercise of \$18.5306 per share. The remaining Private Warrants will expire at 5:00 p.m., New York City time, on December 22, 2025, or earlier upon redemption or liquidation, as applicable. 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 815. 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 Consolidated Statements of Operations. The fair value of the Private Warrants was determined using the Black-Scholes option pricing model. The following table represents the assumptions for the Black-Scholes option-pricing model used in determining the fair value of the Private Warrants as of December 31, 2024 and 2023:

	December 31, 2024	December 31, 2023
Risk-free interest rate	4.38%	3.84%
Expected volatility of common stock	41.71%	41.66%
Expected option term in years	1.0	2.0

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

NOTE L - FINANCING ARRANGEMENTS

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

	December 31, 2024	December 31, 2023
\$180.0 million Wells Fargo Senior Secured Revolving Credit Agreement	\$ 39,235	\$ 29,000
\$10.0 million CIBC Property and Equipment Revolving Term Loan	1,814	-
\$10.0 million Synovus Property and Equipment Revolving Term Loan	-	8,559
Total	41,049	37,559
Less current portion	(605)	(1,278)
Total long-term portion	\$ 40,444	\$ 36,281

At December 31, 2024 and 2023, total deferred financing costs were \$1.3 million and \$1.5 million, respectively. Amortized debt issuance costs are recorded in interest expense through maturity of the related debt using the straight-line method, which approximates the effective interest method.

Amortization expense was as follows (in thousands):

	Year ended December 31,		
	2024	2023	2022
Amortization expense	\$ 337	\$ 400	\$ 455

\$180.0 million Wells Fargo Senior Secured Revolving Credit Facility

On July 20, 2018, AerSale Inc. and other subsidiary borrowers entered in a secured amended and restated Revolving Credit Agreement (as amended, the “Revolving Credit Agreement”). The Revolving Credit Agreement initially provided for a \$110.0 million aggregate amount of revolver commitments subject to borrowing base. The Revolving Credit Agreement included a \$10.0 million sub facility for letters of credit and for borrowings on same-day notice referred to as “swingline loans”. The maximum amount of such commitments available at any time for borrowings and letters of credit is determined according to a borrowing base calculation equal to the sum of eligible inventory and eligible accounts receivable reduced by the aggregate amount, if any, of trade payables of the loan parties, as defined in the Revolving Credit Agreement. Extensions of credit under the Revolving Credit Agreement are available for working capital and general corporate purposes.

On March 9, 2023, we amended the Revolving Credit Agreement to replace the benchmark rate from LIBOR to Secured Overnight Financing Rate (“SOFR”). On July 25, 2023, the Revolving Credit Agreement was amended to increase the maximum commitments thereunder 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 the maturity date was extended to July 24, 2028.

As of December 31, 2024, the Company had \$138.1 million of availability, subject to borrowing base limitations.

The obligations of AerSale, Inc. under the Revolving Credit Agreement are guaranteed by the Company, and other subsidiaries of AerSale, Inc. may be designated as borrowers on a joint and several basis. Such obligations are also secured by substantially all of the assets of the Company.

The interest rate applicable to loans outstanding on the Revolving Credit Agreement is a floating rate of interest per annum of SOFR plus a margin of 2.75%. The applicable interest rate as of December 31, 2024 and 2023, was 7.52% and 7.69%, respectively.

Interest expense on the Revolving Credit Agreement was as follows (in thousands):

	Year ended December 31,		
	2024	2023	2022
Interest expense	\$ 4,849	\$ 733	\$ 2

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

\$10.0 million Synovus Property and Equipment Revolving Term Loan

On June 30, 2023, the Company entered into a property and equipment revolving term loan ("Synovus Equipment Loan") with a total advance commitment of \$10.0 million for the purpose of financing capital expenditures on property and equipment. This facility became a term loan during quarter ended June 30, 2024, with a maturity date of June 30, 2027. This loan is collateralized by the property and equipment it finances and requires principal and interest payments. The Synovus Equipment Loan bears interest at a rate per annum equal to 7.96%. As of December 31, 2024, there was no outstanding balance on the Synovus Equipment Loan.

The Synovus Equipment Loan bore interest at a rate per annum equal to one-month SOFR plus 3.50%, which was adjusted monthly. The effective rate on this facility was 8.84% as of December 31, 2023. Interest expense on the Equipment Loan was \$0.2 million for the year ended December 31, 2024, compared to \$0.4 million for the year ended December 31, 2023.

The Synovus 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 December 31, 2023.

\$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 require interest only payment 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.

The effective rate on this facility as of December 31, 2024 was 7.37%. For the year ended December 31, 2024, there was no interest expense on the CIBC Equipment Loan. Maturities of the Equipment Loan as of December 31, 2024 are as follows (in thousands):

Year ending December 31:		
2025	\$	605
2026		605
2027		604
Total payments	\$	1,814

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

NOTE M - INCOME TAXES

Income tax (benefit) expense consists of (in thousands):

	Current	Deferred	Total
Year ended December 31, 2024:			
U.S. federal	\$ (410)	\$ 1,456	\$ 1,046
U.S. state	360	562	922
Foreign	4	14	18
Total income tax (benefit) expense	\$ (46)	\$ 2,032	\$ 1,986
	Current	Deferred	Total
Year ended December 31, 2023:			
U.S. federal	\$ (1,570)	\$ (806)	\$ (2,376)
U.S. state	128	(110)	18
Foreign	242	-	242
Total income tax expense (benefit)	\$ (1,200)	\$ (916)	\$ (2,116)
	Current	Deferred	Total
Year ended December 31, 2022:			
U.S. federal	\$ 10,537	\$ (862)	\$ 9,675
U.S. state	3,015	(405)	2,610
Foreign	2,856	(1,120)	1,736
Total income tax expense (benefit)	\$ 16,408	\$ (2,387)	\$ 14,021

Tax Rate Reconciliation

The provision for income taxes on pre-tax income differs from the amount computed by applying the U.S. federal statutory income tax rate of 21.0% for the years ended December 31, 2024, 2023 and 2022 due to the following (in thousands):

	Year ended December 31,		
	2024	2023	2022
Provision for income tax at the federal statutory rate	\$ 1,646	\$ (1,613)	\$ 12,155
State taxes	846	165	1,959
Permanent differences	(332)	(328)	218
Change in valuation allowance	-	(1,313)	17
Executive compensation	-	3,016	2,562
Return to provision	(91)	151	591
FDII deduction	-	-	(3,014)
R&D credit	(538)	(1,174)	-
Stock-based compensation	467	(1,020)	-
Other	(12)	-	(467)
Total income tax (benefit) expense	\$ 1,986	\$ (2,116)	\$ 14,021

Significant Components of Deferred Taxes

Deferred tax assets and liabilities reflect the net effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The tax

effects of temporary differences that give rise to deferred tax assets and deferred tax liabilities as of December 31, 2024 and 2023 are as follows (in thousands):

	Year ended December 31,	
	2024	2023
Deferred tax assets:		
Net operating losses	\$ 2,986	\$ 2,005
Foreign tax credit carryforwards	768	1,109
Inventory basis differences	8,544	9,269
Maintenance deposit payments	10	-
Deferred revenue	420	726
Allowance for doubtful accounts	276	237
Start up costs	566	634
Stock-based compensation	1,003	966
Business interest expense - 163(j) limitation	1,343	-
Accrued expenses	11	22
Section 174 capitalization	4,472	2,971
Lease obligations	8,010	7,010
R&D credit	1,055	434
Other	162	445
Total deferred tax assets	29,626	25,828
Deferred tax liabilities:		
Fixed assets	(11,081)	(6,489)
Right-of-use assets	(7,582)	(6,659)
Intangible assets	(792)	(477)
Total deferred tax liabilities	(19,455)	(13,625)
Deferred income taxes, net	\$ 10,171	\$ 12,203

The deferred tax assets are adjusted by a valuation allowance if, based on the weight of available evidence, it is more likely than not that a portion or all the deferred assets will not be realized. After considering all of the evidence, both positive and negative, it was determined more likely than not that the Company's net deferred tax asset in the U.S. jurisdiction will be realizable as of December 31, 2024.

At December 31, 2024 and December 31, 2023, the Company had net operating losses available for carry-forward for Federal income tax purposes of approximately \$13.8 million and \$7.8 million, respectively. These net operating loss carryforwards acquired prior to 2024 will expire on various dates through 2034. Utilization of the net operating loss carryforwards as of December 31, 2024 are subject to annual limitations under Sec. 382 of the Internal Revenue Code. A deferred tax asset has been recorded only for those carryforwards that the Company expects to utilize prior to expiration.

The Company and its subsidiaries file income tax returns in the U.S. federal jurisdiction, various state jurisdictions, and in Ireland. Tax years beginning in 2020 through 2023 are open for examination by the U.S. Internal Revenue Service and tax years beginning in 2019 through 2023 are open for examination by various state taxing jurisdictions in which the Company is subject to tax. Tax years beginning in 2019 through 2023 are open for examination by the Irish taxing authorities.

ASC 740, Income Taxes, provides that a tax benefit from an uncertain tax position may be recognized when it is more likely than not that the position will be sustained upon examination, including resolutions of any related appeals or litigation processes, based on the technical merits. ASC 740 also provides guidance on measurement, derecognition, classification, interest and penalties, accounting in interim periods, and disclosure and transition. As of December 31, 2024 and 2023, there was no reserve for uncertain tax positions.

NOTE N - 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 as follows:

	Year ended December 31,		
	2024	2023	2022
Net income (loss)	\$ 5,851	\$ (5,563)	\$ 43,861
Less: change in FV of warrants	-	(2,270)	-
Income (loss) attributable to common stockholders for EPS	<u>\$ 5,851</u>	<u>\$ (7,833)</u>	<u>\$ 43,861</u>
Weighted-average number of shares outstanding - basic	53,113,508	51,291,424	51,568,436
Additional shares from assumed exercise of warrants	-	166,397	141
Additional shares from assumed stock-settled restricted stock units	245,577	-	1,577,062
Weighted-average number of shares outstanding - diluted	<u>53,359,085</u>	<u>51,457,821</u>	<u>53,145,639</u>
Earnings (loss) per share - basic:	\$ 0.11	\$ (0.11)	\$ 0.85
Earnings (loss) per share - diluted:	\$ 0.11	\$ (0.15)	\$ 0.83
Anti-dilutive shares/units excluded from earnings per share - diluted:			
Additional shares from assumed exercise of Private Warrants	-	-	212,540
Additional shares from assumed stock-settled restricted stock units	-	192,687	-

NOTE O - STOCKHOLDERS’ EQUITY

Common Stock

The Company’s common stock consist of \$0.0001 par value, 200,000,000 shares authorized, of which 53,252,563 and 52,954,430 shares were issued and outstanding as of December 31, 2024 and 2023, respectively.

Effective November 8, 2022, the Board of Directors approved to repurchase, directly from selling stockholders, 1,500,000 shares of the Company’s common stock, par value \$0.0001 per share, at a price of \$14.8025 per share for a total of \$22,203,750.

2020 Equity Incentive Plan

The Company maintains a 2020 Equity Incentive Plan (the “2020 Plan”) and has registered 6,200,000 shares of common stock issuable under the Plan. The 2020 Plan authorizes discretionary grants of incentive stock options to employees of the Company and its qualifying subsidiaries. The 2020 Plan also authorizes discretionary grants of non-qualified stock options, stock appreciation rights, restricted stock, restricted stock units, dividend equivalents or other equity or cash-based awards to employees and consultants of the Company and its subsidiaries and to members of the Board of Directors 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, it will become or again be available for awards under the 2020 Plan. The 2020 Plan is administered by the Company's Compensation Committee. The Compensation Committee has complete, full and final authority to: designate participants; determine the types of awards to be granted; determine the terms of awards; interpret and administer the 2020 Plans and any agreements and awards thereunder. Approximately 1,294,229 shares of common stock remain available for future grants.

Restricted stock unit activity under the 2020 Plan for the year ended December 31, 2024 and 2023 was as follows:

	Amount	Weighted Average Grant Date Fair Value
Outstanding at December 31, 2023	532,399	\$ 14.82
Granted	1,148,201	7.07
Forfeited	(78,986)	14.66
Vested	(221,337)	14.90
Outstanding December 31, 2024	1,380,277	\$ 8.38

	Amount	Weighted Average Grant Date Fair Value
Outstanding at December 31, 2022	1,374,383	\$ 10.72
Granted	390,887	14.96
Forfeited	(40,516)	14.87
Vested ⁽¹⁾	(1,192,355)	11.14
Outstanding December 31, 2023	532,399	\$ 14.82

- (1) Includes 1,063,333 performance units that vested at the 200% vesting target effective December 22, 2023, for which 526,888 shares of common stock underlying vested RSUs were withheld to cover tax obligations. The shares withheld are again available for issuance under the plan.

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

As of December 31, 2024, the Company's restricted stock units include 726,109 performance-based awards that have vesting provisions subject to both time vesting and the achievement of certain performance milestones ranging from 50% to 200% vesting targets, while the remaining 654,168 awards vest over a period ranging from one to three years.

For the year ended December 31, 2024, 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. For the years ended December 31, 2023 and 2022, the Company recognized share-based compensation expense for certain performance-based awards of \$7.9 million and \$14.2 million, respectively, given that the achievement of the performance milestones at the 200% vesting target was deemed probable for accounting purposes.

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, or benchmark companies when the option exercise period exceeds period for which stock data is available for the Company. 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. The assumptions used in the Black-Scholes option-pricing model for options granted in 2024 are as follows:

	Grant Date June 7, 2024	Grant Date July 1, 2024
Risk-free interest rate	4.42%	4.44%
Expected volatility of common stock	50.04%	50.03%
Dividend yield	-	-
Expected option term in years	6.0	6.0
Grant-date fair value (per share)	\$ 3.73	\$ 3.46

Stock option activity under the 2020 Plan for the year ended December 31, 2024 was as follows:

	Amount	Weighted Average Exercise Price per Share	Weighted Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value ⁽¹⁾
Outstanding at December 31, 2023	-	\$ -	-	-
Granted	646,301	7.02	9.44	-
Forfeited	-	-	-	-
Vested	-	-	-	-
Outstanding December 31, 2024	646,301	\$ 7.02	9.44	-
Exercisable	-	\$ -	-	-

(1) Total shares valued at the market price of the underlying stock as of December 31, 2024 less the exercise price.

As of December 31, 2024, the unrecognized compensation costs related to these awards was \$1.6 million. The Company expects to recognize those costs over a weighted average period of 1.6 years. The total grant date fair value of stock options awarded during the year ended December 31, 2024 was \$2.4 million.

2020 Employee Stock Purchase Plan

The Company also maintains a 2020 Employee Stock Purchase Plan (the "ESPP") and has registered 500,000 shares of common stock issuable under the ESPP. For the years ended December 31, 2024 and 2023, the Company issued 89,923 and 45,755 shares, respectively, pursuant to the ESPP and 317,596 shares remain available for future issuance.

NOTE P - BUSINESS SEGMENTS

The Chairman and Chief Executive Officer is our Chief Operating Decision Maker ("CODM"). We report operational data to our CODM at the segment level, which he uses to evaluate performance and allocate resources based on gross profit and income 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 of 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 aftermarket support and services businesses that provide maintenance support for aircraft and aircraft components, and sale of engineered solutions. Our MRO business also engages in longer term projects such as aircraft modifications, cargo conversions of wide-body aircraft, and aircraft storage. The segment also includes MRO of landing gear, thrust reversers, and other components. Cost of sales consists principally of the cost of product, direct labor, and overhead. Our engineered solutions revenue consist of sales of products internally developed as permitted by Supplemental Type Certificates issued by the FAA. These products are proprietary in nature and function as non-original equipment manufacturer solutions to airworthiness directives and other technical challenges for operators. In order to develop these products, we engage in research and development activities. Our TechOps division will engage in the repair and sale of used serviceable materials through their 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 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):

	Year ended December 31,		
	2024	2023	2022
Revenue			
Asset Management Solutions			
Aircraft	\$ 41,749	\$ 80,877	\$ 101,511
Engine	173,718	134,290	176,096
	<u>215,467</u>	<u>215,167</u>	<u>277,607</u>
TechOps			
MRO services	107,970	102,535	95,258
Product sales	21,629	16,583	11,942
Whole asset sales	-	218	23,737
	<u>129,599</u>	<u>119,336</u>	<u>130,937</u>
Total	<u>\$ 345,066</u>	<u>\$ 334,503</u>	<u>\$ 408,544</u>

	Year ended December 31,		
	2024	2023	2022
Cost of sales and operating expenses			
Asset Management Solutions			
Aircraft	\$ 27,223	\$ 58,138	\$ 65,355
Engine	105,803	89,374	94,021
	<u>133,026</u>	<u>147,512</u>	<u>159,376</u>
TechOps			
MRO services	91,510	82,107	74,147
Product sales	16,594	12,822	7,545
Whole asset sales	-	(359)	16,082
	<u>108,104</u>	<u>94,570</u>	<u>97,774</u>
Total	<u>\$ 241,130</u>	<u>\$ 242,082</u>	<u>\$ 257,150</u>

	Year ended December 31,		
	2024	2023	2022
Gross profit			
Asset Management Solutions			
Aircraft	\$ 14,526	\$ 22,739	\$ 36,156
Engine	67,915	44,916	82,075
	82,441	67,655	118,231
TechOps			
MRO services	16,460	20,428	21,111
Product sales	5,035	3,761	4,397
Whole asset sales	-	577	7,655
	21,495	24,766	33,163
Total	\$ 103,936	\$ 92,421	\$ 151,394

The following table reconciles segment gross profit to income (loss) before income tax provision:

	Year ended December 31,								
	2024			2023			2022		
	Asset Management Solutions	TechOps	Total	Asset Management Solutions	TechOps	Total	Asset Management Solutions	TechOps	Total
Gross Profit	\$ 82,441	\$ 21,495	\$ 103,936	\$ 67,655	\$ 24,766	\$ 92,421	\$ 118,231	\$ 33,163	\$ 151,394
Operating expenses	(11,870)	(10,933)	(22,803)	(15,588)	(11,341)	(26,929)	(12,480)	(9,694)	(22,174)
Selling, general and administrative expenses	(15,567)	(18,884)	(34,451)	(15,362)	(16,956)	(32,318)	(16,619)	(20,018)	(36,637)
Segment income (loss) from operations	55,004	(8,322)	46,682	36,705	(3,531)	33,174	89,132	3,451	92,583
Other corporate expenses ⁽¹⁾			(36,938)			(43,944)			(37,537)
Income (loss) from operations			9,744			(10,770)			55,046
Other (expenses) income:									
Interest (expense) income, net			(5,703)			155			1,093
Other income, net			1,495			666			2,268
Change in fair value of warrant liability			2,301			2,270			(525)
Income (loss) before income tax provision			\$ 7,837			\$ (7,679)			\$ 57,882

- (1) Other corporate expenses include other unapplied payroll expenses and benefits, telecommunications and IT support, professional fees, office rent, and depreciation, among others.

	Year ended December 31,	
	2024	2023
Total Assets		
Asset Management Solutions	\$ 383,336	\$ 372,326
TechOps	205,655	163,883
Corporate	15,732	17,729
	\$ 604,723	\$ 553,938

	Year ended December 31,		
	2024	2023	2022
Total Depreciation and Amortization Expense			
Asset Management Solutions	\$ 9,909	\$ 6,043	\$ 7,807
TechOps	5,042	3,549	2,609
Corporate	1,097	867	568
	\$ 16,048	\$ 10,459	\$ 10,984
Total Capital Expenditures			
Asset Management Solutions	\$ 15,350	\$ 488	\$ 8,288
TechOps	11,755	9,206	6,078
Corporate	1,925	1,665	1,229
	\$ 29,030	\$ 11,359	\$ 15,595

The following table presents revenue based on the customers' geographic location and long-lived assets located in the United States, our country of domicile, for the years ended December 31 (in thousands):

Revenue	Year ended December 31,		
	2024	2023	2022
Domestic	\$215,198	\$145,076	\$169,878
Foreign	129,868	189,427	238,666
Total revenue	<u>\$345,066</u>	<u>\$334,503</u>	<u>\$408,544</u>

Long-lived assets	Year ended December 31,	
	2024	2023
Domestic	\$ 130,086	\$ 96,013
Foreign	14,482	-
Total long-lived assets	<u>\$ 144,568</u>	<u>\$ 96,013</u>

For the year ended December 31, 2024, the Company had one customer from which revenue generated exceeded 10% of total sales. Total sales to this customer amounted to \$50.9 million, of which \$33.5 million was included in TechOps segment and \$17.4 million was included in the Asset Management Solutions segment. As of December 31, 2023, the Company had two customers from which revenue generated exceeded 10% of total sales. Total sales to these customers amounted to \$82.2 million, of which \$35.7 million was included in TechOps segment and \$46.5 million was included in the Asset Management Solutions segment.

Intersegment sales includes 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 is as follows (in thousands):

	Year ended December 31,		
	2024	2023	2022
Asset Management Solutions	\$ 828	\$ 1,599	\$ 4,978
TechOps	11,921	21,359	22,783
Total intersegment revenue	<u>\$12,749</u>	<u>\$22,958</u>	<u>\$27,761</u>

NOTE Q - LEASES

The Company leases facilities, offices, and equipment. The Company evaluates whether a contractual arrangement that provides it with control over the use of an asset is a lease. The right-of-use ("ROU") asset and related operating lease liabilities are recognized at the lease commencement date based on the present value of lease payments over the term of the lease. The implicit rate of our lease arrangements is not readily determinable nor is it disclosed by our lessors; therefore, the Company uses its incremental borrowing rate based on information available at the lease commencement date to discount the lease payments. The Company classifies a lease as operating or finance using the classification criteria set forth in ASC Topic 842. Some of our leases are non-cancellable and may include renewal or termination options. Renewal or termination options that are reasonably certain to be exercised are included in the determination of the term of a lease.

The Company's lease agreements typically do not contain any significant residual value guarantees or restrictive covenants, and may include variable lease payments related to escalation clauses based on consumer price index rates, as well as maintenance and other services. Variable lease payments that depend on an index or rate are included in the determination of ROU asset and lease liabilities using the index or rate at the lease commencement date, whereas variable lease payments that do not depend on an index or rate are recorded as lease expense in the period incurred. Lease expense is recognized over the term of the lease on a straight-line basis unless another systematic basis is more representative of the pattern in which the Company expects to consume the asset's future economic benefits.

ROU assets are evaluated for impairment in a manner consistent with the treatment of other long-lived assets. The Company made an accounting policy election to not recognize lease assets or liabilities for leases with a term of 12 months or less.

The components of lease expense for the years ended December 31, 2024, 2023 and 2022 were as follows (in thousands):

	Year ended December 31,		
	2024	2023	2022
Operating lease cost	\$ 6,763	\$ 7,001	\$ 5,005
Short-term lease cost	1,139	392	170
Variable lease cost	869	397	1,071
	<u>\$ 8,771</u>	<u>\$ 7,790</u>	<u>\$ 6,246</u>

Our operating leases expire at various dates through 2035. Maturities of our operating lease payments as of December 31, 2024 are as follows (in thousands):

	Operating Leases
Year ending December 31:	
2025	\$ 6,557
2026	6,247
2027	5,544
2028	5,354
2029	4,407
Thereafter	17,577
Total undiscounted payments	45,686
Less: imputed interest	(10,765)
Present value of minimum lease payments	34,921
Less: Operating lease liabilities - current	(4,356)
Operating lease liabilities - non-current	\$ 30,565

Our weighted-average remaining lease term and weighted-average discount rate are as follows:

	2024	2023
Remaining lease term (years)	7.80	7.13
Discount Rate	6.83%	6.34%

Supplemental cash flow information related to leases were as follows (in thousands):

	Year ended December 31,	
	2024	2023
Cash paid for amounts included in the measurement of lease liabilities	4,498	4,700
Operating lease liabilities arising from obtaining ROU assets	10,449	961

NOTE R - COMMITMENTS AND CONTINGENCIES

Management Compensation

Certain executive management entered into employment agreements with the Company. The contracts provide that such management may earn discretionary bonuses, computed upon a sliding percentage scale of their base salaries, based on the overall financial performance of the Company and each individual's contributions, subject to approval by the Company's Board of Directors. Additionally, under certain termination conditions, such contracts provide for severance

payments under the Company's Severance Plan, including payment of base salary, bonus, and fringe benefits. The contracts include certain noncompete clauses commencing upon the employee's separation from the Company.

Litigation

The Company could be involved in litigation incidental to the operation of the business. The Company intends to vigorously defend all matters in which the Company is named as a defendant, and, for insurable losses, maintain 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.

NOTE S - BENEFIT PLANS

The Company sponsors an employee retirement savings plan that qualifies under Section 401(k) of the Internal Revenue Code. Participating employees may contribute, but not more than statutory limits. The Company makes nondiscretionary 3% safe harbor contributions of participants' eligible earnings who have completed the plan's eligibility requirements. The contributions are made to the plan on behalf of the employees. Total nondiscretionary contributions to the plan were as follows (in thousands):

	Year ended December 31,		
	2024	2023	2022
Nondiscretionary contributions	\$ 1,564	\$ 1,495	\$ 1,250

ITEM 9 CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A 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 Exchange Act) as of December 31, 2024. We maintain disclosure controls and procedures designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure.

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 December 31, 2024.

Management Report on Internal Control Over Financial Reporting

Management of AerSale Corporation is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act. The Company's internal control over financial reporting is a process designed by, or under the supervision of, our Chief Executive Officer and Chief Financial Officer and effected by our Board of Directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. GAAP and includes those policies and procedures that (1) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. GAAP, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements. Internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems which are determined to be effective provide only reasonable assurance with respect to financial statement preparation and presentation. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer and oversight of the Board of Directors, assessed the effectiveness of our internal control over financial reporting as of December 31, 2024 based on the criteria for effective internal control over financial reporting described in Internal Control-Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Based on our assessment, management concluded that the Company maintained effective internal control over financial reporting as of December 31, 2024.

Grant Thornton LLP, an independent registered public accounting firm, has audited our internal controls over financial reporting, and has issued a report on the effectiveness of our internal control over financial reporting. Their report is included below.

Changes in Internal Control over Financial Reporting

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

Report of Independent Registered Public Accounting Firm

Board of Directors and Stockholders
AerSale Corporation

Opinion on internal control over financial reporting

We have audited the internal control over financial reporting of AerSale Corporation (a Delaware corporation) and subsidiaries (the “Company”) as of December 31, 2024, based on criteria established in the 2013 Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2024, based on criteria established in the 2013 Internal Control—Integrated Framework issued by COSO.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (“PCAOB”), the consolidated financial statements of the Company as of and for the year ended December 31, 2024, and our report dated March 10, 2025 expressed an unqualified opinion on those financial statements.

Basis for opinion

The Company’s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company’s internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and limitations of internal control over financial reporting

A company’s internal control over financial reporting is a process designed 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. A company’s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ GRANT THORNTON LLP

Miami, Florida
March 10, 2025

ITEM 9B OTHER INFORMATION

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

ITEM 9C DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

PART III**ITEM 10 DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE**

The information required by this Item 10 will be included in our definitive proxy statement to be filed with the SEC with respect to our 2025 Annual Meeting of Stockholders and is incorporated herein by reference.

ITEM 11 EXECUTIVE COMPENSATION

The information required by this Item 11 will be included in our definitive proxy statement to be filed with the SEC with respect to our 2025 Annual Meeting of Stockholders and is incorporated herein by reference.

ITEM 12 SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS**Equity Compensation Plan Information**

The following table provides information on our equity compensation plans as of December 31, 2024:

	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants, and Rights	Weighted-Average Exercise Price of Outstanding Options, Warrants, and Rights	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans
Plan Category:			
Equity compensation plans approved by security holders ⁽¹⁾	2,026,578 ⁽²⁾	7.95	1,611,825 ⁽³⁾
Equity compensation plans not approved by security holders	-	-	-
Total	2,026,578	7.95	1,611,825

(1) Consists of the AerSale Corporation 2020 Equity Incentive Plan, as amended (the "2020 Plan"), and the AerSale Corporation 2020 Employee Stock Purchase Plan (the "ESPP").

(2) All outstanding awards represent shares issuable pursuant to the 2020 Plan.

(3) Under the 2020 Plan, a total of 1,294,229 shares were available for issuance in the form of restricted stock, restricted stock units, stock options, or other stock-based or cash-based awards as of December 31, 2024, excluding shares to be issued under outstanding equity awards. Under the ESPP, a total of 317,596 shares were available for issuance as of December 31, 2024.

The remainder of the response to this Item 12 will be included in our definitive proxy statement to be filed with the SEC with respect to our 2025 Annual Meeting of Stockholders and is incorporated herein by reference.

ITEM 13 CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by this Item 13 will be included in our definitive proxy statement to be filed with the SEC with respect to our 2025 Annual Meeting of Stockholders and is incorporated herein by reference

ITEM 14 PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required by this Item 14 will be included in our definitive proxy statement to be filed with the SEC with respect to our 2025 Annual Meeting of Stockholders and is incorporated herein by reference.

PART IV**ITEM 15 EXHIBITS AND FINANCIAL STATEMENT SCHEDULES**

(a)(1) Financial Statements.

The financial statements required by this item are listed in Item 8, “Financial Statements and Supplementary Data” herein.

(a)(2) Financial Statement Schedules.

All financial statement schedules have been omitted because they are not applicable, not required or the information required is shown in the financial statements or the notes thereto.

(a)(3) Exhibits.

The following is a list of exhibits filed as part of this Annual Report.

Exhibit Number	Description	Form	File No.	Exhibit	Filing Date	Filed/Furnished Herewith
3.1	Amended and Restated Certificate of Incorporation of Monocle Holdings Inc., dated October 13, 2020.	S-4/A	333-235766	3.1	10/14/2020	
3.2	Certificate of Amendment to the Amended and Restated Certificate of Incorporation of Monocle Holdings Inc., dated December 22, 2020.	8-K	001-38801	3.2	12/23/2020	
3.3	Certificate of Amendment to the Amended and Restated Certificate of Incorporation of AerSale Corporation, dated June 17, 2021.	10-Q	001-38801	3.3	08/09/2021	
3.4	Amended and Restated Bylaws of Monocle Holdings Inc., dated October 13, 2020.	S-4/A	333-235766	3.2	10/14/2020	
3.5	Amendment No. 1 to the Amended and Restated Bylaws of AerSale Corporation, dated December 22, 2020.	8-K	001-38801	3.4	12/23/2020	

Exhibit Number	Description	Form	File No.	Exhibit	Filing Date	Filed/Furnished Herewith
4.1	Specimen Common Stock Certificate of Monocle Holdings Inc.	S-4/A	333-235766	4.2	02/14/2020	
4.2	Specimen Warrant Certificate of Monocle Holdings Inc.	S-4/A	333-235766	4.3	02/14/2020	
4.3	Warrant Agreement, dated February 6, 2019, between Monocle Acquisition Corporation and Continental Stock Transfer & Trust Company, as warrant agent.	8-K	001-38801	4.1	02/12/2019	
4.4	Assignment and Assumption Agreement, dated December 22, 2020, by and among Monocle Holdings Inc., Monocle Acquisition Corporation and Continental Stock Transfer & Trust Company.	8-K	001-38801	10.9	12/23/2020	
4.5	Description of the Registrant's Securities	10-K	001-38801	4.4	3/15/2022	
10.1	Amended and Restated Registration Rights Agreement, dated December 22, 2020, by and among Monocle Holdings Inc., Monocle Acquisition Corporation, Monocle Partners, LLC, Cowen Investments II LLC, C. Robert Kehler, Donald W. Manvel, John C. Pescatore, Green Equity Investors V, L.P., Green Equity Investors Side V, L.P., LGP Parts Coinvest LLC, Florida Growth Fund LLC, Enarey, LP and ThoughtValley Limited Partnership.	8-K	001-38801	10.7	12/23/2020	
10.2#	Executive Offer Letter between AerSale Inc. and Nicolas Finazzo	10-K	001-38801	10.10	03/16/2021	
10.3#	Executive Offer Letter between AerSale Inc. and Martin Garmendia					*
10.4#	Executive Offer Letter between AerSale Inc. and Basil Barimo					*
10.5#	Executive Offer Letter between AerSale Inc. and Gary Jones					*
10.6#	Executive Offer Letter between AerSale Inc. and Iso Nezaj					*
10.7#	Executive Offer Letter between AerSale Inc. and Craig Wright					*
10.8#	Amended and Restated AerSale Corp. Stock Appreciation Rights Plan.	S-4/A	333-235766	10.8	02/14/2020	

Exhibit Number	Description	Form	File No.	Exhibit	Filing Date	Filed/Furnished Herewith
10.9#	AerSale Corporation Severance Plan.					*
10.10#	AerSale Corporation 2020 Equity Incentive Plan.	S-4/A	333-235766	10.1	10/14/2020	
10.11#	Forms of award agreements under the AerSale Corporation 2020 Equity Incentive Plan	S-8	333-253424	99.2	02/24/2021	
10.12#	AerSale Corporation 2020 Employee Stock Purchase Plan.	S-4/A	333-235766	10.11	10/14/2020	
10.13	Amended and Restated Credit Agreement, dated as of July 20, 2018, by and among Aersale Aviation Inc., the existing borrowers thereto, the lenders thereto and Wells Fargo Bank, National Association, as administrative agent and lender.	10-K	001-38801	10.22	03/16/2021	
10.14	Amendment No. 1 to Amended and Restated Credit Agreement, dated as of September 8, 2020, by and among AerSale Aviation Inc., the existing borrowers thereto, the lenders thereto and Wells Fargo Bank, National Association, as administrative agent and lender.	10-K	001-38801	10.23	03/16/2021	
10.15	Amendment No. 2 to Amended and Restated Credit Agreement, dated as of March 12, 2021, by and among AerSale Aviation Inc., the existing borrowers thereto, the lenders thereto, Wells Fargo Bank, National Association, as administrative agent and lender, AerSale Ireland I Limited, as new borrower and AerSale Corporation and Monocle Parent LLC, as guarantors.	10-K	001-38801	10.24	03/16/2021	
10.16#	AerSale Corporation Amended and Restated Non-Employee Director Policy	10-K	001-38801	10.25	08/09/2022	
10.17#	Form of Restricted Stock Unit Grant Notice under the AerSale Corporation 2020 Equity Incentive Plan (Non-Employee Directors).	10-K	001-38801	10.26	08/09/2022	
10.18#	AerSale Corporation Second Amended and Restated Non-Employee Director Compensation Policy.	10-Q	001-388801	10.22	08/09/2023	

Exhibit Number	Description	Form	File No.	Exhibit	Filing Date	Filed/Furnished Herewith
10.19	Amendment No. 3 to Amended and Restated Credit Agreement, dated as of March 9, 2023, by and among AerSale Aviation Inc., the existing borrowers thereto, the lenders thereto, and Wells Fargo Bank, National Association, as administrative agent and lender	10-Q	001-38801	10.23	08/09/2023	
10.20	Amendment No. 4 to the Amended and Restated Credit Agreement, dated as of July 25, 2023, by and among the Company, the lenders and other parties from time to time party thereto, Synovus Bank, as documentation agent, and Wells Fargo Bank, National Administration, as administrative agent and collateral agent.	8-K	001-38801	1.1	08/10/2023	
10.21#	First Amendment to the AerSale Corporation 2020 Equity Incentive Plan	S-8	333-274663	99.2	09/22/2023	
10.22#	Form of Restricted Stock Award Agreement under the Incentive Compensation Plan	10-Q	001-38801	10.1	08/07/2024	
10.23#	Form of Nonqualified Stock Option Award Agreement	10-Q	001-38801	10.2	08/07/2024	
10.24#	Form of Restricted Performance Unit Award Agreement	10-Q	001-38801	10.3	08/07/2024	
10.25	Amendment No. 5 to the Amended and Restated Credit Agreement, dated as of October 24, 2024, by and among the Company, the lenders party thereto, Synovus Bank, as documentation agent, and Wells Fargo Bank, National Administration, as administrative agent and collateral agent.	8-K	001-38801	1.1	10/25/2024	
10.26#	Executive Offer Letter between AerSale Inc. and Ben Tschirhart					*
10.27#	Executive Offer Letter between AerSale Inc. and James Fry					*
10.28#	Executive Offer Letter between AerSale Inc. and Enrique Pizzi					*
19.1	AerSale Corporation First Amended and Restated Insider Trading Compliance Policy					*

Exhibit Number	Description	Form	File No.	Exhibit	Filing Date	Filed/Furnished Herewith
21.1	List of Subsidiaries.					*
23.1	Consent of Grant Thornton LLP.					*
31.1	Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.					*
31.2	Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.					*
32.1	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.					**
32.2	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.					**
97.1	AerSale Corporation Clawback Policy	10-K	001-38801	97.1	3/8/2024	
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 (formatted as Inline XBRL and contained in Exhibit 101).					

* Filed herewith

** Furnished herewith

Denotes a management contract or compensation plan or arrangement

† Schedules and exhibits to these agreements have been omitted from this filing pursuant to Item 601(b)(2) of Regulation S-K. The Company will furnish supplemental copies of such omitted schedules and exhibits to the Securities and Exchange Commission upon request.

ITEM 16. FORM 10-K SUMMARY

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

AerSale Corporation

Date: March 10, 2025

By: /s/ Nicolas Finazzo

Nicolas Finazzo
Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this report has been signed below by the following persons on behalf of the Registrant in the capacities and on the dates indicated.

<u>Name</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Nicolas Finazzo</u> Nicolas Finazzo	Chairman, Chief Executive Officer, and Director <i>(Principal Executive Officer)</i>	March 10, 2025
<u>/s/ Martin Garmendia</u> Martin Garmendia	Chief Financial Officer and Treasurer <i>(Principal Financial and Accounting Officer)</i>	March 10, 2025
<u>/s/ Robert B. Nichols</u> Robert B. Nichols	Director	March 10, 2025
<u>/s/ Jonathan Seiffer</u> Jonathan Seiffer	Director	March 10, 2025
<u>/s/ General C. Robert Kehler</u> General C. Robert Kehler	Director	March 10, 2025
<u>/s/ Peter Nolan</u> Peter Nolan	Director	March 10, 2025
<u>/s/ Andrew Levy</u> Andrew Levy	Director	March 10, 2025
<u>/s/ Lt. General Judith A. Fedder</u> Lt. General Judith A. Fedder	Director	March 10, 2025



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Coral Gables, Florida 33134 USA
Office +1.305.764.3200
Fax +1.305.529.6686

June 7, 2024

Martin Garmendia

RE: Continued AerSale Employment Offer

Dear Martin:

We are pleased to offer you continued employment with AerSale, Inc. (together with any of its subsidiaries and affiliates as may employ you from time to time, the "Company") on the terms and conditions set forth in this letter (the "Letter"), to be effective upon the 7th day of June, 2024 as set forth below:

- **Title:** Chief Financial Officer – AerSale, Inc. reporting to Chief Executive Officer Nicolas Finazzo
- **Base Salary:** Your Base Salary will be \$425,000 per annum paid biweekly (subject to any applicable withholdings), payable in accordance with the Company's normal payroll practices, and subject to review and adjustment from time to time.
- **Target Bonus:** Commencing with calendar 2024, you will have an annual incentive cash bonus opportunity equal to \$255,000. Payment of the cash bonus in any calendar year, if any, will be subject to the terms and conditions of the applicable bonus program, as the Company may establish from time to time (and will be subject to any applicable withholdings). Unless otherwise expressly provided in such program or the Severance Plan (as defined below), you must remain employed with the Company through the date of payment of any such bonus to be eligible to receive it.
- **Equity Awards:** You will be eligible to receive equity awards under the Company's 2020 Equity Incentive Plan, as amended, or any successor thereto, as determined by the Board of Directors of the Company (or a committee thereof) from time to time in its sole discretion. Starting with calendar 2024, you will have an annual equity opportunity equal to \$425,000 apportioned 25% Restricted Stock Units, 25% Stock Options and 50% Performance Stock Units, subject to the terms and conditions as set forth in each equity award agreement.
- **Employee Benefits:** You will continue to be eligible to participate in the Company's employee health, welfare, and other fringe benefit and perquisite programs, each as may be in effect from time to time and in accordance with their terms.

aersale.com

- **Severance Plan:** You are eligible to participate in the AerSale Corporation Severance Plan (the “Severance Plan”) a copy of which has been provided to you. By signing this Letter, you are acknowledging such participation and your understanding that you are agreeing to all of the terms and conditions of the Severance Plan, including certain promises and covenants contained in Section 7 of the Severance Plan (which apply regardless of whether you receive any payments or benefits under the Severance Plan). You should read the entire Severance Plan carefully. Under the Severance Plan, your Severance Multiple, as that term is used therein, is 2 (two).
- **Non-Compete:** In consideration for the above offer and as a condition to the receipt of the Base Salary, Target Bonus and Equity Awards, you are required to execute a two-year non-compete agreement that will be incorporated into and made part of the Severance Plan.

At-Will Nature of Employment although we hope that your continued employment will be mutually rewarding for you and the Company, your employment with the Company is “at-will,” meaning that you or the Company may terminate your employment at any time and for any reason or no reason. During your employment, you will devote your full-time best efforts and business time and attention to the business of the Company and its subsidiaries.

In consideration of this offer of continued employment and your participation in the Severance Plan, by signing this letter where indicated below, you expressly acknowledge and agree that this Letter shall supersede in its entirety that certain Employment Agreement, by and between you and AerSale, Inc., dated as of December 23, 2020 (the “Prior Agreement”).

This Agreement may be assigned by the Company to a person or entity which is an affiliate or a successor in interest to substantially all of the business operations of the Company. Upon such assignment, the rights and obligations of the Company hereunder shall become the rights and obligations of such affiliate or successor person. You may not assign your rights or obligations to another entity or person.

This Letter, together with the Severance Plan, constitutes our entire understanding and agreement regarding your continued employment by the Company, and supersedes all prior negotiations, communications, understandings, and agreements relating to the subject matter contained herein or therein, including, without limitation, the Prior Agreement.

This Letter shall be interpreted and construed in accordance with the laws of the State of Florida without regard to any conflicts of laws principles.

We look forward to our continuing relationship.

Please acknowledge your acceptance of the terms of this Letter by signing where indicated below and returning an executed copy to Vanessa Machado, SVP of HR.

Very truly yours,

/s/ Nicolas Finazzo

Nicolas Finazzo

Chairman & Chief Executive Officer

ACKNOWLEDGED AND AGREED:

/s/ Martin Garmendia

Martin Garmendia

Chief Financial Officer

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Office +1.305.764.3200
Fax +1.305.529.6686

June 7, 2024

Basil Barimo

RE: Continued AerSale Employment Offer

Dear Basil:

We are pleased to offer you continued employment with AerSale, Inc. (together with any of its subsidiaries and affiliates as may employ you from time to time, the "Company") on the terms and conditions set forth in this letter (the "Letter"), to be effective upon the 7th day of June, 2024 as set forth below:

- **Title:** President-MRO Services AerSale, Inc. reporting to Chief Executive Officer Nicolas Finazzo
- **Base Salary:** Your Base Salary will be \$350,000 per annum paid biweekly (subject to any applicable withholdings), payable in accordance with the Company's normal payroll practices, and subject to review and adjustment from time to time.
- **Target Bonus:** Commencing with calendar 2024, you will have an annual incentive cash bonus opportunity equal to \$175,000. Payment of the cash bonus in any calendar year, if any, will be subject to the terms and conditions of the applicable bonus program, as the Company may establish from time to time (and will be subject to any applicable withholdings). Unless otherwise expressly provided in such program or the Severance Plan (as defined below), you must remain employed with the Company through the date of payment of any such bonus to be eligible to receive it.
- **Equity Awards:** You will be eligible to receive equity awards under the Company's 2020 Equity Incentive Plan, as amended, or any successor thereto, as determined by the Board of Directors of the Company (or a committee thereof) from time to time in its sole discretion. Starting with calendar 2024, you will have an annual equity opportunity equal to \$333,333.00 apportioned 25% Restricted Stock Units, 25% Stock Options and 50% Performance Stock Units, subject to the terms and conditions as set forth in each equity award agreement.
- **Employee Benefits:** You will continue to be eligible to participate in the Company's employee health, welfare, and other fringe benefit and perquisite programs, each as may be in effect from time to time and in accordance with their terms.
- **Severance Plan:** You are eligible to participate in the AerSale Corporation Severance Plan (the "Severance Plan") a copy of which has been provided to you. By signing this Letter, you are acknowledging such participation and your understanding that you are agreeing to all of the terms and conditions of the Severance Plan, including certain promises and covenants contained in Section 7 of the Severance Plan (which apply regardless of whether you receive any payments or benefits under the Severance Plan). You

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should read the entire Severance Plan carefully. Under the Severance Plan, your Severance Multiple, as that term is used therein, is 2 (two).

- **Non-Compete:** In consideration for the above offer and as a condition to the receipt of the Base Salary, Target Bonus and Equity Awards, you are required to execute a two-year non-compete agreement that will be incorporated into and made part of the Severance Plan.

At-Will Nature of Employment although we hope that your continued employment will be mutually rewarding for you and the Company, your employment with the Company is “at-will,” meaning that you or the Company may terminate your employment at any time and for any reason or no reason. During your employment, you will devote your full-time best efforts and business time and attention to the business of the Company and its subsidiaries.

In consideration of this offer of continued employment and your participation in the Severance Plan, by signing this letter where indicated below, you expressly acknowledge and agree that this Letter shall supersede in its entirety that certain Employment Agreement, by and between you and AerSale, Inc., dated as of December 23, 2020 (the “Prior Agreement”).

This Agreement may be assigned by the Company to a person or entity which is an affiliate or a successor in interest to substantially all of the business operations of the Company. Upon such assignment, the rights and obligations of the Company hereunder shall become the rights and obligations of such affiliate or successor person. You may not assign your rights or obligations to another entity or person.

This Letter, together with the Severance Plan, constitutes our entire understanding and agreement regarding your continued employment by the Company, and supersedes all prior negotiations, communications, understandings, and agreements relating to the subject matter contained herein or therein, including, without limitation, the Prior Agreement.

This Letter shall be interpreted and construed in accordance with the laws of the State of Florida without regard to any conflicts of laws principles.

We look forward to our continuing relationship.

Please acknowledge your acceptance of the terms of this Letter by signing where indicated below and returning an executed copy to Vanessa Machado, SVP of HR.

Very truly yours,

/s/ Nicolas Finazzo

Nicolas Finazzo

Chairman & Chief Executive Officer

Acknowledged

/s/ Basil Barimo

Basil Barimo

President-MRO Services



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June 7, 2024

Gary Jones

RE: Continued AerSale Employment Offer

Dear Gary:

We are pleased to offer you continued employment with AerSale, Inc. (together with any of its subsidiaries and affiliates as may employ you from time to time, the "Company") on the terms and conditions set forth in this letter (the "Letter"), to be effective upon the 7th day of June, 2024 as set forth below:

- **Title:** Chief Operating Officer – AerSale, Inc. reporting to Chief Executive Officer Nicolas Finazzo
- **Base Salary:** Your Base Salary will be \$425,000 per annum paid biweekly (subject to any applicable withholdings), payable in accordance with the Company's normal payroll practices, and subject to review and adjustment from time to time.
- **Target Bonus:** Commencing with calendar 2024, you will have an annual incentive cash bonus opportunity equal to \$255,000. Payment of the cash bonus in any calendar year, if any, will be subject to the terms and conditions of the applicable bonus program, as the Company may establish from time to time (and will be subject to any applicable withholdings). Unless otherwise expressly provided in such program or the Severance Plan (as defined below), you must remain employed with the Company through the date of payment of any such bonus to be eligible to receive it.
- **Equity Awards:** You will be eligible to receive equity awards under the Company's 2020 Equity Incentive Plan, as amended, or any successor thereto, as determined by the Board of Directors of the Company (or a committee thereof) from time to time in its sole discretion. Starting with calendar 2024, you will have an annual equity opportunity equal to \$425,000 apportioned 25% Restricted Stock Units, 25% Stock Options and 50% Performance Stock Units, subject to the terms and conditions as set forth in each equity award agreement.
- **Employee Benefits:** You will continue to be eligible to participate in the Company's employee health, welfare, and other fringe benefit and perquisite programs, each as may be in effect from time to time and in accordance with their terms.
- **Severance Plan:** You are eligible to participate in the AerSale Corporation Severance Plan (the "Severance Plan") a copy of which has been provided to you. By signing this Letter, you are acknowledging such participation and your understanding that you are agreeing to all of the terms and conditions of the Severance Plan, including certain promises and covenants contained in Section 7 of the Severance Plan (which apply regardless of whether you receive any payments or benefits under the Severance Plan). You should read the entire Severance Plan carefully. Under the Severance Plan, your Severance Multiple, as that term is used therein, is 2 (two).

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- **Non-Compete:** In consideration for the above offer and as a condition to the receipt of the Base Salary, Target Bonus and Equity Awards, you are required to execute a two-year non-compete agreement that will be incorporated into and made part of the Severance Plan.

At-Will Nature of Employment although we hope that your continued employment will be mutually rewarding for you and the Company, your employment with the Company is “at-will,” meaning that you or the Company may terminate your employment at any time and for any reason or no reason. During your employment, you will devote your full-time best efforts and business time and attention to the business of the Company and its subsidiaries.

In consideration of this offer of continued employment and your participation in the Severance Plan, by signing this letter where indicated below, you expressly acknowledge and agree that this Letter shall supersede in its entirety that certain Employment Agreement, by and between you and AerSale, Inc., dated as of December 23, 2020 (the “Prior Agreement”).

This Agreement may be assigned by the Company to a person or entity which is an affiliate or a successor in interest to substantially all of the business operations of the Company. Upon such assignment, the rights and obligations of the Company hereunder shall become the rights and obligations of such affiliate or successor person. You may not assign your rights or obligations to another entity or person.

This Letter, together with the Severance Plan, constitutes our entire understanding and agreement regarding your continued employment by the Company, and supersedes all prior negotiations, communications, understandings, and agreements relating to the subject matter contained herein or therein, including, without limitation, the Prior Agreement.

This Letter shall be interpreted and construed in accordance with the laws of the State of Florida without regard to any conflicts of laws principles.

We look forward to our continuing relationship.

Please acknowledge your acceptance of the terms of this Letter by signing where indicated below and returning an executed copy to Vanessa Machado, SVP of HR.

Very truly yours,

/s/ Nicolas Finazzo

Nicolas Finazzo
Chairman & Chief Executive Officer

ACKNOWLEDGED AND AGREED:

/s/ Gary Jones

Gary Jones, **Chief Operating Officer**

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June 7, 2024

Iso Nezaj

RE: Continued AerSale Employment Offer

Dear Iso:

We are pleased to offer you continued employment with AerSale, Inc. (together with any of its subsidiaries and affiliates as may employ you from time to time, the "Company") on the terms and conditions set forth in this letter (the "Letter"), to be effective upon the 7th day of June, 2024 as set forth below:

- **Title:** Chief Product Development Officer – AerSale, Inc. reporting to Chief Executive Officer Nicolas Finazzo
- **Base Salary:** Your Base Salary will be \$350,000 per annum paid biweekly (subject to any applicable withholdings), payable in accordance with the Company's normal payroll practices, and subject to review and adjustment from time to time.
- **Target Bonus:** Commencing with calendar 2024, you will have an annual incentive cash bonus opportunity equal to \$175,000. Payment of the cash bonus in any calendar year, if any, will be subject to the terms and conditions of the applicable bonus program, as the Company may establish from time to time (and will be subject to any applicable withholdings). Unless otherwise expressly provided in such program or the Severance Plan (as defined below), you must remain employed with the Company through the date of payment of any such bonus to be eligible to receive it.
- **Equity Awards:** You will be eligible to receive equity awards under the Company's 2020 Equity Incentive Plan, as amended, or any successor thereto, as determined by the Board of Directors of the Company (or a committee thereof) from time to time in its sole discretion. Starting with calendar 2024, you will have an annual equity opportunity equal to \$333,333 apportioned 25% Restricted Stock Units, 25% Stock Options and 50% Performance Stock Units, subject to the terms and conditions as set forth in each equity award agreement.
- **Employee Benefits:** You will continue to be eligible to participate in the Company's employee health, welfare, and other fringe benefit and perquisite programs, each as may be in effect from time to time and in accordance with their terms.

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- **Severance Plan:** You are eligible to participate in the AerSale Corporation Severance Plan (the “Severance Plan”) a copy of which has been provided to you. By signing this Letter, you are acknowledging such participation and your understanding that you are agreeing to all of the terms and conditions of the Severance Plan, including certain promises and covenants contained in Section 7 of the Severance Plan (which apply regardless of whether you receive any payments or benefits under the Severance Plan). You should read the entire Severance Plan carefully. Under the Severance Plan, your Severance Multiple, as that term is used therein, is 2 (two).
- **Non-Compete:** In consideration for the above offer and as a condition to the receipt of the Base Salary, Target Bonus and Equity Awards, you are required to execute a two-year non-compete agreement that will be incorporated into and made part of the Severance Plan.

At-Will Nature of Employment although we hope that your continued employment will be mutually rewarding for you and the Company, your employment with the Company is “at-will,” meaning that you or the Company may terminate your employment at any time and for any reason or no reason. During your employment, you will devote your full-time best efforts and business time and attention to the business of the Company and its subsidiaries.

In consideration of this offer of continued employment and your participation in the Severance Plan, by signing this letter where indicated below, you expressly acknowledge and agree that this Letter shall supersede in its entirety that certain Employment Agreement, by and between you and AerSale, Inc., dated as of December 23, 2020 (the “Prior Agreement”).

This Agreement may be assigned by the Company to a person or entity which is an affiliate or a successor in interest to substantially all of the business operations of the Company. Upon such assignment, the rights and obligations of the Company hereunder shall become the rights and obligations of such affiliate or successor person. You may not assign your rights or obligations to another entity or person.

This Letter, together with the Severance Plan, constitutes our entire understanding and agreement regarding your continued employment by the Company, and supersedes all prior negotiations, communications, understandings, and agreements relating to the subject matter contained herein or therein, including, without limitation, the Prior Agreement.

This Letter shall be interpreted and construed in accordance with the laws of the State of Florida without regard to any conflicts of laws principles.

We look forward to our continuing relationship.

Please acknowledge your acceptance of the terms of this Letter by signing where indicated below and returning an executed copy to Vanessa Machado, SVP of HR.

Very truly yours,

/s/ Nicolas Finazzo

Nicolas Finazzo

Chairman & Chief Executive Officer

ACKNOWLEDGED AND AGREED:

/s/ Iso Neza

Iso Neza

Chief Product Development Officer

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June 7, 2024

Craig Wright

RE: Continued AerSale Employment Offer

Dear Craig:

We are pleased to offer you continued employment with AerSale, Inc. (together with any of its subsidiaries and affiliates as may employ you from time to time, the "Company") on the terms and conditions set forth in this letter (the "Letter"), to be effective upon the 7th day of June, 2024 as set forth below:

- **Title:** President Aircraft and Engine Management AerSale, Inc. reporting to Chief Executive Officer Nicolas Finazzo
- **Base Salary:** Your Base Salary will be \$350,000 per annum paid biweekly (subject to any applicable withholdings), payable in accordance with the Company's normal payroll practices, and subject to review and adjustment from time to time.
- **Target Bonus:** Commencing with calendar 2024, you will have an annual incentive cash bonus opportunity equal to \$175,000. Payment of the cash bonus in any calendar year, if any, will be subject to the terms and conditions of the applicable bonus program, as the Company may establish from time to time (and will be subject to any applicable withholdings). Unless otherwise expressly provided in such program or the Severance Plan (as defined below), you must remain employed with the Company through the date of payment of any such bonus to be eligible to receive it.
- **Equity Awards:** You will be eligible to receive equity awards under the Company's 2020 Equity Incentive Plan, as amended, or any successor thereto, as determined by the Board of Directors of the Company (or a committee thereof) from time to time in its sole discretion. Starting with calendar 2024, you will have an annual equity opportunity equal to \$333,333 apportioned 25% Restricted Stock Units, 25% Stock Options and 50% Performance Stock Units, subject to the terms and conditions as set forth in each equity award agreement.
- **Employee Benefits:** You will continue to be eligible to participate in the Company's employee health, welfare, and other fringe benefit and perquisite programs, each as may be in effect from time to time and in accordance with their terms.

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- **Severance Plan:** You are eligible to participate in the AerSale Corporation Severance Plan (the “Severance Plan”) a copy of which has been provided to you. By signing this Letter, you are acknowledging such participation and your understanding that you are agreeing to all of the terms and conditions of the Severance Plan, including certain promises and covenants contained in Section 7 of the Severance Plan (which apply regardless of whether you receive any payments or benefits under the Severance Plan). You should read the entire Severance Plan carefully. Under the Severance Plan, your Severance Multiple, as that term is used therein, is 2 (two).
 - **Non-Compete:** In consideration for the above offer and as a condition to the receipt of the Base Salary, Target Bonus and Equity Awards, you are required to execute a two-year non-compete agreement that will be incorporated into and made part of the Severance Plan.

At-Will Nature of Employment although we hope that your continued employment will be mutually rewarding for you and the Company, your employment with the Company is “at-will,” meaning that you or the Company may terminate your employment at any time and for any reason or no reason. During your employment, you will devote your full-time best efforts and business time and attention to the business of the Company and its subsidiaries.

In consideration of this offer of continued employment and your participation in the Severance Plan, by signing this letter where indicated below, you expressly acknowledge and agree that this Letter shall supersede in its entirety that certain Employment Agreement, by and between you and AerSale, Inc., dated as of December 23, 2020 (the “Prior Agreement”).

This Agreement may be assigned by the Company to a person or entity which is an affiliate or a successor in interest to substantially all of the business operations of the Company. Upon such assignment, the rights and obligations of the Company hereunder shall become the rights and obligations of such affiliate or successor person. You may not assign your rights or obligations to another entity or person.

This Letter, together with the Severance Plan, constitutes our entire understanding and agreement regarding your continued employment by the Company, and supersedes all prior negotiations, communications, understandings, and agreements relating to the subject matter contained herein or therein, including, without limitation, the Prior Agreement.

This Letter shall be interpreted and construed in accordance with the laws of the State of Florida without regard to any conflicts of laws principles.

We look forward to our continuing relationship.

Please acknowledge your acceptance of the terms of this Letter by signing where indicated below and returning an executed copy to Vanessa Machado Senior VP, Human Resources.

Very truly yours,

/s/ Nicolas Finazzo

Nicolas Finazzo

Chairman & Chief Executive Officer

ACKNOWLEDGED AND AGREED:

/s/ Craig Wright

Craig Wright

President Aircraft and Engine Management



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AERSALE CORPORATION SEVERANCE PLAN

SECTION 1. Purpose. The purpose of this Severance Plan (this “Plan”) is to promote the interests of AerSale Corporation (the “Company”) and its stockholders by retaining certain management-level employees through the provision of severance protections to such employees in the event their employment is terminated under the circumstances described in this Plan. The Plan is intended to be, and shall be interpreted and construed as, an unfunded employee welfare benefit plan under Section 3(1) of ERISA and Section 2520.104-24 of the regulations promulgated by the U.S. Department of Labor, maintained primarily for the benefit of a select group of management or highly compensated employees (a “top-hat” plan).

SECTION 2. Definitions. For purposes of this Plan, the following terms shall have the meanings set forth below:

- (a) “Affiliate” means, with respect to any specified Person, any other Person that, directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such specified Person.
- (b) “Annual Base Salary” means, with respect to any Participant, such Participant’s annual rate of base salary or wages in effect immediately prior to such Participant’s Termination Date (excluding any reduction thereto that constitutes Good Reason).
- (c) “Board” means the Board of Directors of the Company (or, if applicable, a committee or subcommittee thereof duly authorized to administer this Plan).
- (d) “Cause” means, with respect to any Participant, the occurrence of any one of the following:
 - (i) the Participant is charged with (x) a felony, or (y) a misdemeanor relating to the business of the Company or any of its Affiliates or involving moral turpitude;
 - (ii) the Participant’s willful failure to substantially perform his or her duties with the Company or any of its Affiliates (other than any such failure resulting from incapacity due to physical or mental illness);
 - (iii) the Participant’s engaging in (A) material misconduct or wrongdoing, or illegal conduct in the course of carrying out the Participant’s duties with the Company or any of its Affiliates, or (B) any act of material dishonesty involving the Participant’s employment with the Company or any of its Affiliates (including, without limitation, fraud, misappropriation, or embezzlement);
 - (iv) the Participant’s material breach of any written agreement with the Company or any of its Affiliates;
 - (v) the Participant’s material violation of the Company’s (or any of its Affiliates’) Code of Conduct or other policies applicable to the Participant (including, without limitation, any policy regarding sexual harassment or discrimination); or

- (vi) the Participant's failure to reasonably cooperate with a material internal investigation by the Company regarding any corporate conduct, misconduct, wrongdoing or illegal conduct.

The Company may terminate a Participant's employment for Cause pursuant to clause (ii), (iii), (iv), (v), or (vi) above only after giving the Participant written notice of the specific circumstances that constitute Cause and, if curable, the Participant fails to cure the circumstances that gave rise to Cause within 30 days following delivery of such notice. All determinations relating to a termination of a Participant's employment for Cause shall be made by the Company in its sole and good faith discretion.

- (e) "Change in Control" has the meaning set forth in the Company's 2020 Equity Incentive Plan (or any successor thereto); provided that if a Change in Control constitutes a payment event with respect to an amount that provides for a deferral of compensation that is subject to Section 409A, then, to the extent required to avoid the imposition of additional taxes under Section 409A, a Change in Control shall not be deemed to have occurred unless the applicable event constitutes a change in the ownership or effective control of the Company or in the ownership of a substantial portion of the assets of the Company (within the meaning of Treas. Reg. §1.409A-3(i)(5)). Notwithstanding the foregoing, the consummation of any of the transactions contemplated by that certain Agreement and Plan of Merger, by and among Monocle Acquisition Corp., Monocle Merger Sub 1 Inc., Monocle Holdings Inc., Monocle Merger Sub 2 LLC, AerSale Holdings, Inc., and the other parties thereto, dated as of December 8, 2019 (as amended from time to time, the "Merger Agreement"), shall not constitute a Change in Control for purposes of this Plan or any benefits provided hereunder.
- (f) "Change in Control Date" means the date on which a Change in Control occurs.
- (g) "COBRA" means the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended from time to time, or any successor statute thereto, and the regulations promulgated thereunder, as in effect from time to time.
- (h) "Code" means the Internal Revenue Code of 1986, as amended from time to time, or any successor statute thereto, and the regulations promulgated thereunder, as in effect from time to time.
- (i) "Confidential Information" means proprietary, confidential or trade secret information, whether written, oral, or recorded in any medium (including electronic media) that the Company or any of its Affiliates develops, acquires, creates, compiles, discovers, or owns, that has value in or relates to the business of the Company or any of its Affiliates. Confidential Information includes, but is not limited to, any and all non-public information that relates to the actual or anticipated business and/or products, research, or development of the Company or any of its Affiliates, or to their technical data, trade secrets, or know-how, including, but not limited to, research, product plans, or other information regarding their products, services, or markets, customers lists, and customers, software, developments, inventions, processes, formulas, technology, designs, drawings, engineering, hardware configuration information, marketing, finances, and other business information.

- (j) “Disability” means, with respect to any Participant, that the Participant becomes eligible to receive income replacement benefits under any long-term disability plan covering employees of the Company or any of its Affiliates. If no such disability plan is maintained by the Company, Disability means the Participant is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment, which can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months. If Participant disputes the Company’s determination of Disability, Participant (or Participant’s designated physician) and the Company (or its designated physician) shall jointly appoint a third party physician to examine Participant and determine whether Disability has occurred with respect to the Participant.
- (k) “ERISA” shall mean the Employee Retirement Income Security Act of 1974, as amended from time to time, or any successor statute thereto, and the regulations promulgated thereunder as in effect from time to time.
- (l) “Exchange Act” means the Securities Exchange Act of 1934, as amended from time to time, or any successor statute thereto, and the regulations promulgated thereunder as in effect from time to time.
- (m) “Excise Tax” means the excise tax imposed by Section 4999 of the Code, together with any interest or penalties imposed with respect to such tax.
- (n) “Executive Officer” means “executive officer” as defined in Rule 3b-7 promulgated under the Exchange Act.
- (o) “Fair Market Value” means, except as otherwise provided in the applicable equity-based award agreement or equity award plan, (i) the closing per-share sales price of the Shares (A) as reported by the NASDAQ Global Select Market for such date or (B) if the Shares are listed on any other national stock exchange, as reported on the stock exchange composite tape for securities traded on such stock exchange for such date or, with respect to each of clauses (A) and (B), if there were no sales on such date, on the closest preceding date on which there were sales of Shares, or (ii) in the event there shall be no public market for the Shares on such date, the fair market value per Share as determined in good faith by the Board.
- (p) “Good Reason” means (A) at any time other than during the Protection Period, the occurrence of any of the events or circumstances set forth in clauses (i) through (iv) below, and (B) during the Protection Period, the occurrence of any of the events or circumstances set forth in clauses (i) through (v) below, in either case, with respect to a Participant and without the Participant’s express written consent and other than as a result of the Participant’s Disability:
- (i) the Company’s material breach of a written agreement with a Participant.
 - (ii) any reduction of the Participant’s Base Salary (excluding across-the-board reductions that apply to similarly-situated executives);
 - (iii) any change of the Participant’s principal place of employment to a location more than 40 miles from the Participant’s principal place of employment immediately prior to the change, which change increases the Participant’s one-way commute from the

Participant's principal residence;

- (iv) any material adverse change in the Participant's positions or duties; or
- (v) any reduction in the Participant's target annual bonus or target long-term incentive opportunity from the target level in effect immediately prior to the Change in Control (if any).

A termination of employment by the Participant for Good Reason shall be effectuated by giving the Company written notice ("Notice of Termination for Good Reason"), not later than 30 days following the date that the Participant would reasonably be expected to be aware of the occurrence of the circumstance that constitutes Good Reason, setting forth in reasonable detail the specific conduct of the Company that constitutes Good Reason and the specific provisions of this Plan on which the Participant relied. The Company shall be entitled, during the 30-day period following receipt of a Notice of Termination for Good Reason, to cure the circumstances that gave rise to Good Reason; provided that the Company shall be entitled to waive its right to cure or reduce the cure period by delivery of written notice to that effect to the Participant (such 30-day or shorter period, the "Cure Period"). If, during the Cure Period, such circumstance is remedied, the Participant shall not be permitted to terminate employment for Good Reason as a result of such circumstance. If, at the end of the Cure Period, the circumstance that constitutes Good Reason has not been remedied, the Participant shall be entitled to terminate employment for Good Reason during the 30-day period that follows the end of the Cure Period (the "Termination Period"). If the Participant does not terminate employment during the Termination Period, or fails to provide a timely Notice of Termination for Good Reason, the Participant shall not be permitted to terminate employment for Good Reason as a result of the applicable circumstance.

- (q) "Payment" means any payment, benefit, or distribution by the Company, any of its Affiliates, or any trust established by the Company or any of its Affiliates, to or for the benefit of a Participant, whether paid, payable, distributed, distributable, or provided pursuant to this Plan or otherwise, including any payment, benefit, or other right that constitutes a "parachute payment" within the meaning of Section 280G.
- (r) "Protection Period" means the period commencing on the Change in Control Date and ending on the first anniversary thereof.
- (s) "Section 280G" means Section 280G of the Code.
- (t) "Section 409A" means Section 409A of the Code.
- (u) "Severance Bonus Value" means (i) with respect to any Participant who has a target annual bonus for the calendar year in which such Participant's Termination Date occurs, such target annual bonus (excluding any reduction thereto that constitutes Good Reason), or (ii) with respect to any Participant who does not have a target annual bonus for the calendar year in which such Participant's Termination Date occurs, the average of the regular annual cash bonuses actually paid to such Participant in the three calendar years prior to the calendar year in which such Termination Date occurs or such lesser number of calendar years during which such Participant was employed by the Company or any of its Affiliates; provided that with respect to any such calendar year during which such Participant's regular annual cash

bonus was prorated because such Participant was not employed by the Company or any of its Affiliates for the full calendar year, the regular annual cash bonus paid to such Participant for such calendar year shall be annualized for purposes of determining such Participant's Severance Bonus Value.

- (v) "Severance Multiple" means, with respect to any Participant, the applicable Severance Multiple set forth on Exhibit A; provided that, for the purpose of this definition, any event or circumstance occurring prior to such Termination Date that would constitute Good Reason shall be disregarded if such event or circumstance would reduce the applicable Severance Multiple.
- (w) "Shares" means shares of common stock of the Company, \$0.0001 par value, or any successor securities.
- (x) "Termination Date" means the date on which the termination of a Participant's employment, in accordance with the terms of this Plan, is effective.

SECTION 3. Eligibility. The participants in this Plan ("Participants") are those individuals that are employed by the Company or any of its subsidiaries and are designated by the Board from time to time to participate in this Plan as set forth on Exhibit A hereto (as such Exhibit A may from time to time be amended by the Board). The Board may designate any such individuals by name, title, position, function, salary band, any other category deemed appropriate by the Board, or any combination of the foregoing. In addition, as a condition to participation in this Plan, the Board may (but is not required to) require an individual to execute an acknowledgement affirming that the individual understands, and agrees to be bound by, the terms and conditions of this Plan (including, without limitation, Section 7 hereof) in a form provided by the Board.

SECTION 4. Termination of Employment at Any Time Other Than During the Protection Period by the Company Without Cause or by the Participant for Good Reason. Subject to Section 6, if a Participant's employment is terminated either (x) by the Company or any of its Affiliates without Cause (other than by reason of death or Disability) or (y) by reason of resignation of the Participant with Good Reason, in each case, at any time other than during the Protection Period, then the Participant shall be entitled to the following payments and benefits, subject to Section 9(c):

- (a) Severance Pay. The Company shall pay the Participant an aggregate amount equal to the product of (i) the Participant's Severance Multiple and (ii) the Participant's Annual Base Salary (the "Salary Multiple"), payable in equal monthly installments over a number of years (or partial years, if applicable) equal to the Severance Multiple, beginning on the first regular payroll date that is on or following the 61st day following the Participant's Termination Date.
- (b) Prorated Annual Bonus. The Company shall pay the Participant an amount equal to the product of (i) the annual cash bonus the Participant would have received under the annual incentive plan in which the Participant participates immediately prior to the Participant's Termination Date with respect to the calendar year in which such Termination Date occurs had he or she been actively employed throughout the entire such calendar year and (ii) a fraction, the numerator of which is the number of days that the Participant was actively employed by the Company in such calendar year, and the denominator of which is 365, in a lump-sum payment on the later of (A) the 61st day following such Termination Date and (B)

the date payments under such plan are made with respect to such calendar year to participants who remain actively employed by the Company or any of its Affiliates throughout the remainder of such calendar year (the “Prorated Bonus”).

- (c) Continued Welfare Benefits. Commencing on the Participant’s Termination Date and continuing for the number of years thereafter equal to the Severance Multiple (the “Benefits Continuation Period”), the Company shall provide, or reimburse the Participant for, medical benefits coverage for the Participant and the Participant’s spouse and dependents through the Company’s group medical plans (in each case, as provided in the applicable plan) at least equal to the levels of benefits provided by the Company and its Affiliates to the Participant immediately prior to such Termination Date, subject to the Participant’s timely election under COBRA and such Participant continuing to make all premium payments required under the terms of such plan (which employee cost-sharing may be deducted from the cash payments made under Section 4(a) or (b) above); provided, however that if the Participant becomes reemployed with another employer and is eligible to receive medical and welfare benefits under such employer’s plans, the benefits described herein shall cease (the continued benefits described in this Section 4(c), the “Welfare Benefits Continuation”). Notwithstanding the foregoing, (i) if any plan pursuant to which such benefits are provided is not, or ceases prior to the expiration of the Benefits Continuation Period to be, exempt from the application of Section 409A of the Code under Treasury Regulation Section 1.409A-1(a)(5), or (ii) the Company is otherwise unable to continue to cover such Participant under its group health plans without penalty under applicable law (including without limitation, Section 2716 of the Public Health Service Act), then, in either case, an amount equal to each remaining Company subsidy shall thereafter be paid to such Participant in substantially equal monthly installments over the Benefits Continuation Period (or the remaining portion thereof). The Company may modify the Welfare Benefits Continuation to the extent reasonably necessary to avoid the imposition of any excise taxes for failure to comply with the nondiscrimination requirements of the Patient Protection and Affordable Care Act of 2010, as amended, and/or the Health Care and Education Reconciliation Act of 2010, as amended (to the extent applicable).
- (d) Accelerated Vesting of Equity-based Awards. Equity-based awards held by a Participant who is at the Senior Vice President level or above and has served with the Company for a period of at least three years shall vest as follows: unvested time-based equity awards shall fully vest as of the Termination Date; and unvested performance-based equity awards shall remain outstanding and eligible to vest based on the actual achievement of such performance metrics through the end of the applicable performance period(s) (without regard for any requirement of continued employment).
- (e) Accrued Rights. The Participant shall be entitled to payments of any accrued but unpaid annual base salary, unreimbursed business expenses incurred in accordance with the Company’s (or its Affiliates’) policies, or other amounts earned or accrued through the Participant’s Termination Date under the Company’s or its Affiliates’ applicable health, welfare, retirement, or other similar fringe benefit programs as required by their terms or by applicable law (the rights to such payments, the “Accrued Rights”). For purposes of this Paragraph 4(e), a Participant shall have the right to receive an annual cash bonus with respect to the calendar year prior to the calendar year in which the Participant’s Termination Date

occurs if such bonus has been “earned”, as determined by the Compensation Committee of the Board of Directors in its sole discretion, and is as yet unpaid. The Accrued Rights shall be payable on their respective scheduled payment dates.

SECTION 5. Termination of Employment During the Protection Period by the Company Without Cause or by the Participant for Good Reason. Subject to Section 6, if a Participant’s employment is terminated either (x) by the Company or any of its Affiliates without Cause (other than by reason of death or Disability) or (y) by reason of resignation of the Participant with Good Reason, in each case, during the Protection Period, then the Participant shall be entitled to the following payments and benefits, subject to Section 9(c):

- (a) Severance Pay. The Company shall pay the Participant (i) the Salary Multiple, and (ii) an amount equal to the product of (A) the Participant’s Severance Multiple and (B) the Participant’s Severance Bonus Value, in each case payable in a lump-sum payment on the first regular payroll date that is on or following the 61st day following such Termination Date.
- (b) Prorated Annual Bonus. The Company shall pay the Participant the Prorated Bonus, payable on the terms set forth in Section 4(b).
- (c) Accelerated Vesting of Equity-based Awards. Equity-based awards held by a Participant who is at the Senior Vice President level or above and has served with the Company for a period of at least three years shall vest as follows: unvested time-based equity awards shall fully vest as of the Termination Date; and unvested performance-based equity awards shall remain outstanding and eligible to vest based on the actual achievement of such performance metrics through the end of the applicable performance period(s) (without regard for any requirement of continued employment).
- (d) Continued Welfare Benefits. The Participant shall be entitled to the Welfare Benefits Continuation, for the Benefits Continuation Period, as set forth in Section 4(c).
- (e) Accrued Rights. The Participant shall be entitled to the Accrued Rights, payable on the terms set forth in Section 4(e).

SECTION 6. Release of Claims. Notwithstanding any provision of this Plan to the contrary, unless on or prior to the 60th day following a Participant’s Termination Date, (i) the Participant shall have executed and delivered a Separation Agreement and Release in substantially the form attached hereto of Exhibit B (the “Release”) (to be delivered by the Company to such Participant on or as soon as reasonably practicable following such Participant’s Termination Date) and (ii) such Release shall have become effective and irrevocable in accordance with its terms, (A) no payments shall be paid or made available to the Participant under Section 4(a), 4(b), 5(a), or 5(b) and (B) the Company shall be relieved of all obligations to provide or make available any further benefits to the Participant pursuant to Section 4(c), 4(d), 5(c), and 5(d).

SECTION 7. Restrictive Covenants. As an express condition to participation in this Plan, each Participant acknowledges and agrees that such Participant is bound by the provisions of this Section 7. Notwithstanding any provision of this Plan to the contrary, if a Participant violates any of his or her obligations under this Section 7 (or any similar confidentiality, return of property, non-competition, non-solicitation, non-disparagement, or intellectual property covenant that runs in favor of the

Company or any of its Affiliates and by which such Participant is bound, including any provision of the Company's Employee Confidentiality Agreement executed by the Company and such Participant (the "Confidentiality Agreement"), the terms of which are incorporated herein by reference (collectively, "Similar Covenants")), then the Company (and its applicable Affiliates) shall be relieved of all obligations to provide or make available any further payments or benefits to the Participant pursuant to this Plan, and the Company may require the Participant to repay or forfeit to the Company (on a pre-tax basis) any such payments or benefits that the Participant was previously provided by the Company or any of its Affiliates. For the avoidance of doubt, each Participant shall remain obligated to comply with any Similar Covenants in addition to the provisions of this Section 7.

- (a) Confidentiality. Each Participant acknowledges that, during the course of the Participant's employment with the Company and its Affiliates, the Participant will have access to Confidential Information. Each Participant shall, during the term of the Participant's employment with the Company or any of its Affiliates and at all times thereafter, hold in confidence, and not use or disclose to any Person (except for the benefit of the Company and its Affiliates), without written authorization from the Company, any Confidential Information that the Participant obtains or creates. The foregoing will not prohibit any Participant from disclosing any Confidential Information that such Participant is required to disclose to, or by, any governmental or judicial authority; provided, that in such event, such Participant gives the Company prompt written notice thereof so that the Company or any of its Affiliates may seek an appropriate protective order.

In addition, notwithstanding anything to the contrary in this Plan, nothing herein or in any Similar Covenant shall prohibit a Participant from reporting possible violations of federal law or regulation to or otherwise cooperating with or providing information requested by any governmental agency or entity, including, but not limited to, the Department of Justice, the Securities and Exchange Commission, the Congress, and any agency Inspector General, or making other disclosures or receiving an award for information provided to any governmental agency or entity, in each case that are protected under the whistleblower provisions of federal law or regulation. No Participant needs the prior authorization of the Company to make any such reports or disclosures or is required to notify the Company that the Participant has made any such reports or disclosures.

- (b) Return of Property. Each Participant agrees that, at the time of his or her termination of employment from the Company or any of its Affiliates for any reason, or upon the Company's or its Affiliate's request, such Participant will deliver to the Company (and not keep in his or her possession, recreate, or deliver to any other Person) any and all (i) Confidential Information, (ii) all other property developed by the Participant pursuant to his or her employment with the Company or any of its Affiliates, and (iii) all other property of the Company or any of its Affiliates, including, without limitation, documents, materials, information, keys, key cards, access cards, identification cards, security devices, employer credit cards, network access devices, computers, laptops, cell phones, smartphones, equipment, manuals, reports, files, books, work product, e-mail messages, or other removable information storage devices, hard drives, and data.
- (c) Assignment of Intellectual Property. Each Participant agrees that he or she shall, without additional compensation, promptly make full written disclosure to the Company, and hold in

trust for the sole right and benefit of the Company and its Affiliates, all developments, original works of authorship, inventions, concepts, know-how, improvements, trade secrets, and similar proprietary rights, whether or not patentable or registrable under copyright or similar laws, which such Participant may (or has previously) solely or jointly conceive, develop, or reduce to practice, or cause to be conceived, developed, or reduced to practice, at any time during the Participant's employment or engagement by the Company or any of its Affiliates, whether or not during regular working hours, provided they either (i) relate at the time of conception or reduction to practice of the invention to the business of the Company or any of its Affiliates, or actual or demonstrably anticipated research or development of the Company or any of its Affiliates; (ii) result from or relate to any work performed for the Company or any of its Affiliates; or (iii) are developed through the use of equipment, supplies, or facilities of the Company or any of its Affiliates, or any Confidential Information, or in consultations with personnel of the Company or any of its Affiliates (collectively, "Developments"). Each Participant acknowledges that all Developments made by the Participant (solely or jointly with others) within the scope of and during the Participant's employment or engagement by the Company or any of its Affiliates are "works made for hire" (to the greatest extent permitted by applicable law) for which the Participant is, in part, compensated by his or her salary, unless regulated otherwise by law, but that, in the event any such Development is deemed not to be a work made for hire, such Participant hereby assigns to the Company, or its designee, all of the Participant's right, title, and interest throughout the world in and to any such Development.

- (d) Intellectual Property Assistance. Each Participant agrees to assist the Company, or its designee, at the Company's expense, in every way to secure the rights of the Company or any of its Affiliates in the Developments and any copyrights, patents, trademarks, service marks, database rights, domain names, mask work rights, moral rights, and other intellectual property rights relating thereto in any and all countries, including the disclosure to the Company of all pertinent information and data with respect thereto, the execution of all applications, specifications, oaths, assignments, recordations, and all other instruments that the Company shall deem necessary in order to apply for, obtain, maintain, and transfer such rights and in order to assign and convey to the Company and its Affiliates the sole and exclusive right, title, and interest in and to such Developments, and any intellectual property and other proprietary rights relating thereto. Each Participant further agrees that his or her obligation to execute or cause to be executed any such instrument or papers shall continue after the termination of such Participant's employment with the Company or any of its Affiliates until the expiration of the last such intellectual property right to expire in any country of the world; provided, that the Company shall reimburse a Participant for any reasonable expenses incurred in connection with carrying out the foregoing obligation in accordance with the Company's policies. If the Company is unable to secure a Participant's signature to apply for or pursue any application for any United States or foreign patents or copyright registrations covering Developments or original works of authorship assigned to the Company as above, then such Participant hereby irrevocably designates and appoints the Company and its duly authorized officers and agents as the Participant's agent and attorney-in-fact to act for and in the Participant's behalf and stead to execute and file any such applications or records and to do all other lawfully permitted acts to further the application for, prosecution, issuance, maintenance, and transfer of letters patent or registrations thereon with the same legal force and effect as if originally executed by the Participant. Each Participant hereby waives and

quitclaims to the Company and its Affiliates any and all claims, of any nature whatsoever, that the Participant now or hereafter has for past, present, or future infringement of any and all proprietary rights assigned to the Company or any of its Affiliates.

- (e) Notice of Immunity under the Defend Trade Secrets Act. Notwithstanding anything to the contrary in this Plan or in any Similar Covenants, no Participant will be held criminally or civilly liable under any federal or state trade secret law for any disclosure of a trade secret that is made: (i) in confidence to a federal, state, or local government official or to an attorney solely for the purpose of reporting or investigating a suspected violation of law, or (ii) is made in a complaint or other document that is filed under seal in a lawsuit or other proceeding. If a Participant files a lawsuit for retaliation by the Company for reporting a suspected violation of law, such Participant may disclose the Company's trade secrets to his or her attorney and use the trade secret information in the court proceeding if such Participant (A) files any document containing the trade secret under seal, and (B) does not disclose the trade secret, except pursuant to court order.
- (f) Non-Competition. No Participant shall, at any time during the Participant's employment with the Company or any of its Affiliates and for a period of years equal to the Severance Multiple following the termination of such Participant's employment for any reason (whether or not any payments or benefits are paid or provided in connection with such termination under this Plan), directly or indirectly, (i) engage in, or render services to or assist any person or entity that engages in (either directly or through any subsidiary or Affiliate thereof) any business or activity within the Restricted Territory (A) relating to the sale, lease and exchange of used aircraft, engines and components, the maintenance, repair, overhaul and provision of engineering services for commercial aircraft and components, or the provision of complete lifecycle asset management services to owners of aircraft and engine portfolios, (B) that otherwise competes with the business of the Company or any of its subsidiaries, or (C) that the Company or any of its subsidiaries has taken active steps to engage in or acquire (a "Competitive Business"), or (ii) own, finance or invest in any Competitive Business (except as the passive holder of less than five percent (5%) of the outstanding shares of capital stock of any public corporation), whether as an individual, partner, shareholder, director, officer, principal, agent, employee, trustee, consultant, or in any other relationship or capacity. As used in this Section 7(f), "Restricted Territory" means the United States, Singapore, Ireland, the United Kingdom and any other city, county, state, territory and country in which the Company or any of its subsidiaries is engaged in or has plans to engage in a Competitive Business as of the termination of such Participant's employment or engagement with the Company or any of its Affiliates.
- (g) Non-Solicitation. No Participant shall, at any time during the Participant's employment with the Company or any of its Affiliates and for a period of two years following the termination of such Participant's employment for any reason (whether or not any payments or benefits are paid or provided in connection with such termination under this Plan), directly or indirectly (i) solicit (or attempt to solicit) the employment or services of, or hire, any person who, upon the termination of the Participant's employment, or within twelve (12) months prior thereto, is or was employed by the Company or any of its Affiliates, or (ii) encourage, solicit, or induce (or attempt to encourage, solicit, or induce) any current or prospective client, customer, supplier,

consultant, or other business relation of the Company or any of its Affiliates to cease doing business with, or reduce the amount of business conducted with, the Company or any of its Affiliates or interfere in any way with any business relationship between the Company or any of its Affiliates and any of the foregoing.

- (h) Non-Disparagement. No Participant shall, during his or her employment with the Company or any of its Affiliates or at any time thereafter, directly or indirectly, make any disparaging or defamatory comments regarding the Company or any of its Affiliates or their respective current or former directors, officers, or employees in any respect or make any comments concerning any aspect of the Participant's relationship with the Company or any of its Affiliates or any conduct or events which precipitates any termination of a Participant's employment from the Company or any of its Affiliates. Subject to Section 7(a), the foregoing shall not apply to truthful disclosures required by applicable law, regulation, or order of a court or governmental agency.
- (i) Cooperation. Each Participant agrees that, following any termination of his or her employment with the Company or any of its Affiliates, such Participant will continue to provide reasonable cooperation to the Company and its Affiliates and its or their respective counsel in connection with any investigation, administrative proceeding, or litigation relating to any matter that occurred during the Participant's employment in which the Participant was involved or of which the Participant has knowledge. The Company shall reimburse a Participant for any reasonable out-of-pocket costs incurred at the request of the Company with respect to such Participant's compliance with this paragraph. Each Participant also agrees that, in the event the Participant is subpoenaed by any person or entity (including, but not limited to, any government agency) to give testimony or provide documents (in a deposition, court proceeding, or otherwise), that in any way relates to the Participant's employment with the Company or any of its Affiliates, the Participant will (subject to applicable law) give prompt notice of such request to the Company and will make no disclosure until the Company or one of its Affiliates has had a reasonable opportunity to contest the right of the requesting person or entity to such disclosure.
- (j) Enforcement. Each of the covenants in this Section 7 shall be independent of the others and shall be in addition to, and not in lieu of, any other rights and remedies available to the Company or any of its Affiliates at law or in equity. Without limitation of the second sentence of this Section 7, (i) if any of the covenants contained herein are held to be invalid or unenforceable because of the duration of such provisions or the area or scope covered thereby, each Participant agrees that the court making such determination shall have the power to reduce the duration, scope, and/or area of such provision to the maximum and/or broadest duration, scope, and/or area permissible by law, and in its reduced form said provision shall then be enforceable, and (ii) each Participant expressly acknowledges that any breach or threatened breach of any of the terms or conditions set forth in this Section 7 may result in substantial, continuing, and irreparable injury to the Company and its Affiliates, and therefore, in addition to any other remedies that may be available under this Plan, the Company or any of its Affiliates shall be entitled to seek injunctive relief, specific performance, or other equitable relief by a court of appropriate jurisdiction (without posting a bond) in the event of any breach or threatened breach of this Section 7 without the necessity of proving

irreparable harm or injury as a result of such breach or threatened breach. Any period of restriction described in this Section 7 shall be tolled during any period of violation of any of the covenants in this Section 7 and during any other period required for litigation during which the Company or any of its Affiliates seeks to enforce such covenants against a Participant if it is ultimately determined that the Participant was in breach of such covenants.

- (k) Notice to New Employers. Each Participant agrees to provide any employer by whom such Participant is employed, or any other Person who engages a Participant as a service provider (in each case, other than the Company or any of its Affiliates) with written notice of the existence and nature of the covenants contained in this Section 7, along with a copy of such covenants.
- (l) Covenants Not Exclusive. For the avoidance of doubt, the covenants in this Section 7 are in addition to, and not in lieu of, and do not amend, modify, or supersede, any Similar Covenants.

SECTION 8. Other Termination. If a Participant's employment is terminated in any circumstance not described in Section 4 or 5 (including as a result of retirement), the Participant shall not be entitled to any compensation or benefits from the Company under this Plan; provided, that, in the event a Participant's employment is terminated as a result of death or Disability, in addition to the Accrued Rights, such Participant shall also be entitled to receive the separation benefits set forth in Section 4(b) and 4(d).

SECTION 9. Tax Matters.

- (a) Withholding. The Company (or an applicable Affiliate) shall have the right to deduct and withhold from any amounts payable under this Plan such federal, state, local, foreign, or other taxes or amounts as are required to be withheld pursuant to any applicable law or regulation.
- (b) Effect of Sections 280G and 4999 of the Code. Anything in this Plan to the contrary notwithstanding, in the event it shall be determined that any Payment to or in respect of a Participant would be subject to the Excise Tax, then the Payments shall be reduced (but not below zero) to the extent necessary so that no portion of the Payments is subject to the Excise Tax, but only if such reduction in the Payments would result in the Participant retaining a larger amount, on an after-tax basis (including all federal, state, local, and other income taxes and the Excise Tax), than if the Participant received the entire amount of such Payments without such reduction. The Company (or its applicable Affiliate) shall reduce or eliminate the Payments in the following order: (1) the portion of the Payments that is attributable to any accelerated vesting of options to purchase Shares with a per Share exercise price greater than the Fair Market Value per Share on the Change in Control Date ("Underwater Options"), (2) cash payments that do not constitute deferred compensation (within the meaning of Section 409A), (3) equity-based awards other than Underwater Options, (4) welfare or in-kind benefits, and (5) cash payments that do constitute deferred compensation, in each case in reverse order beginning with payments or benefits that are to be paid the farthest in time from the Determination (as defined below). The determination of whether the Payments shall be reduced as provided in this Section 9(b) and the amount of such reduction shall be made at the Company's expense by the Company's accounting firm or tax firm (the "Accounting Firm"), which shall provide its determination (the "Determination"), together with detailed supporting

calculations and documentation, to the Company and the Participant within 30 business days after the Participant's Termination Date. Absent manifest error, such Determination shall be binding, final, and conclusive upon the Company and the Participant.

(c) Section 409A of the Code.

- (i) It is intended that the provisions of this Plan comply with Section 409A, or an exemption thereunder, and all provisions of this Plan shall be construed and interpreted to the extent possible in a manner consistent with the requirements for avoiding taxes or penalties under Section 409A.
- (ii) No Participant nor any creditors or beneficiaries of any Participant shall have the right to subject any deferred compensation (within the meaning of Section 409A) payable under this Plan or under any other plan, policy, arrangement, or agreement of or with the Company or any of its Affiliates (this Plan and such other plans, policies, arrangements, and agreements, the "Company Plans") to any anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, attachment, or garnishment. Except as permitted under Section 409A, any deferred compensation (within the meaning of Section 409A) payable to a Participant or for a Participant's benefit under any Company Plan may not be reduced by, or offset against, any amount owing by the Participant to the Company or any of its Affiliates.
- (iii) For purposes of applying the provisions of Section 409A to the Plan, each separately identified amount to which a Participant is entitled under the Plan shall be treated as a separate payment. Each installment payment payable to a Participant under the Plan shall be deemed to be a "separate payment" and the right to a series of installment payments under the Plan is to be treated as a right to a series of "separate payments," to the extent possible under and within the meaning of Treas. Reg. Section 1.409A-2(b)(iii) or any successor thereto.
- (iv) To the extent required by Section 409A, any amount payable under the Plan that constitutes "nonqualified deferred compensation" (within the meaning of Section 409A) subject to, and not exempt from, Section 409A, payable or provided to a Participant upon a termination of employment shall only be paid or provided to the Participant if such termination of employment is also a "separation from service" (within the meaning of Section 409A), and, for purposes of the Plan, references to a "termination," "termination of employment" or like terms shall mean "separation from service." If, at the time of a Participant's separation from service, the Participant is a "specified employee" (within the meaning of Section 409A, and it is necessary to postpone the commencement of any Payments otherwise payable pursuant to this Plan as a result of such separation from service to prevent any accelerated or additional tax under Section 409A, then the Company will postpone the commencement of the payment of any such payments or benefits hereunder (without any reduction in such payments or benefits ultimately paid or provided to the Participant) that are not otherwise exempt from Section 409A until the first payroll date that occurs after the date that is six (6) months following the Participant's separation from service with the Company (as determined under Section 409A). If a Participant

dies during the postponement period prior to the payment of any postponed amount, such amount shall be paid to the personal representative of such Participant's estate within sixty (60) days after the date of such Participant's death.

- (v) All reimbursements and in-kind benefits provided under this Plan shall be made or provided in accordance with the requirements of Section 409A, including, where applicable, the requirements that: (i) any reimbursement is for expenses incurred during a Participant's lifetime (or during a shorter period of time specified in this Plan); (ii) the amount of expenses eligible for reimbursement, or in-kind benefits provided, during a calendar year may not affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other calendar year; and (iii) the right to such in-kind benefits and reimbursements cannot be liquidated or exchanged for any other benefit. Further, in the case of reimbursement payments, such payments shall be made to the Participant on or before the last day of the calendar year following the calendar year in which the underlying fee, cost, or expense is incurred. The Participant shall be solely responsible and liable for the satisfaction of all taxes and penalties that may be imposed on the Participant or for the Participant's account in connection with any Company Plan (including any taxes and penalties under Section 409A), and neither the Company nor any of its Affiliates shall have any obligation to indemnify or otherwise hold the Participant harmless from any or all such taxes or penalties. Notwithstanding anything to the contrary herein, the Company makes no representations that the payments and benefits provided under this Plan are exempt from or comply with Section 409A.

SECTION 10. Miscellaneous.

- (a) Duration; Termination; Amendment; Modification. This Plan shall become effective upon the closing of the transactions contemplated by the Merger Agreement (the "Effective Date"). The Board may amend or modify this Plan (including Exhibits A and B) at any time and for any reason. Notwithstanding the foregoing but subject to Section 7, following its effectiveness this Plan may not be (i) amended or modified in any manner that decreases the payments or benefits payable to any Participant or otherwise adversely affects any Participant's economic rights, or (ii) terminated, in each case, without such Participant's prior written consent; provided, however, that Section 5 of this Plan shall only be effective with respect to the first Change in Control that occurs following the Effective Date and the Participants shall not be entitled to any payments or benefits pursuant to Section 5 of this Plan with respect to any subsequent Change in Control.
- (b) No Waiver. The failure of a party to insist upon strict adherence to any term of this Plan on any occasion shall not be considered a waiver of such party's rights or deprive such party of the right thereafter to insist upon strict adherence to that term or any other term of this Plan. No failure or delay by any party in exercising any right or power hereunder will operate as a waiver thereof, nor will any single or partial exercise of any such right or power, or any abandonment of any steps to enforce such right or power, preclude any other or further exercise thereof or the exercise of any other right or power.
- (c) Severability. If any term or provision of this Plan is invalid, illegal, or incapable of being

enforced by any applicable law or public policy, all other conditions and provisions of this Plan shall nonetheless remain in full force and effect.

- (d) Survival. The provisions of this Plan shall survive and remain binding and enforceable, notwithstanding the expiration or termination of the Protection Period or this Plan, the termination of a Participant's employment with the Company or any of its Affiliates for any reason or any settlement of the financial rights and obligations arising from a Participant's participation hereunder, to the extent necessary to preserve the intended benefits of such provisions.
- (e) Automatic Resignation from Positions Upon Termination. Upon any termination of a Participant's employment with the Company or any of its Affiliates for any reason, except as may otherwise be requested by the Company in writing, such Participant shall be deemed to have resigned from any and all directorships, committee memberships, and any other positions the Participant holds with the Company or any of its Affiliates (whether or not any payments or benefits are paid or provided in connection with such termination under this Plan), and such Participant shall promptly execute any documentation evidencing such resignation requested by the Company.
- (f) Disputes.
 - (i) Except as otherwise specifically provided herein, and subject to a Participant's exhaustion of remedies as described in Section 10(m) below, all disputes, controversies, and claims arising between the Company or any of its Affiliates and any Participant concerning the subject matter of this Plan shall be settled by arbitration in accordance with the rules and procedures of the American Arbitration Association in effect at the time that the arbitration begins, to the extent not inconsistent with this Plan. The location of the arbitration will be in Miami-Dade County, Florida, or such other place as the parties to the dispute may mutually agree. In rendering any award or ruling, the arbitrator or arbitrators shall determine the rights and obligations of the parties according to the substantive and procedural laws of the State of Delaware to the extent not pre-empted by federal law. The arbitration shall be conducted by an arbitrator selected in accordance with the aforesaid arbitration procedures. Any arbitration pursuant to this Section 10(f) shall be final and binding on the parties, and judgment upon any award rendered in such arbitration may be entered in any court, federal or state, having jurisdiction. The parties to any dispute shall each pay their own costs and expenses (including arbitration fees and attorneys' fees) incurred in connection with arbitration proceedings and the fees of the arbitrator shall be paid in equal amounts by the parties. Nothing in this Section 10(f) shall preclude the Company or any of its Affiliates or any Participant from seeking temporary injunctive relief from any federal or state court located within Miami-Dade County, Florida in connection with or as a supplement to an arbitration hereunder.
 - (ii) Without limiting the generality of Section 10(f)(i), to the extent permitted by applicable law, by participating in this Plan, each Participant irrevocably waives any and all rights to trial by jury in any legal proceeding arising out of or relating to this Plan.

- (g) No Mitigation or Offset, Enforcement of this Plan. The Company's obligation to make the payments provided for in this Plan and otherwise to perform its obligations hereunder shall not be affected by any set-off, counterclaim, recoupment, defense, or other claim, right, or action that the Company may have against any Participant or others. In no event shall any Participant be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to the Participant under any of the provisions of this Plan and, except as otherwise expressly provided for in this Plan, such amounts shall not be reduced whether or not the Participant obtains other employment.
- (h) Relation to Other Plans. Nothing in this Plan shall prevent or limit a Participant's continuing or future participation in any plan, practice, policy, or program provided by the Company or any of its Affiliates for which the Participant may qualify, nor shall anything in this Plan limit or otherwise affect any rights the Participant may have under any contract or agreement with the Company or any of its Affiliates. Vested benefits and other amounts a Participant is otherwise entitled to receive under any incentive compensation (including any equity award agreement), deferred compensation, retirement, pension or other plan, practice, policy, or program of, or any contract or agreement with, the Company or any of its Affiliates shall be payable in accordance with the terms of each such plan, practice, policy, program, contract, or agreement, as the case may be. Notwithstanding the foregoing provisions of this Section 10(h), the amounts payable under this Plan shall be paid in lieu of, and by participating in this Plan the Participant waives the right to receive, any cash severance payment or other payment or benefit payable in connection with a termination of employment similar to or duplicative of any payment or benefit described in this Plan that the Participant is otherwise eligible to receive upon termination of employment under any other severance plan, practice, policy, or program of the Company or any of its Affiliates.
- (i) Successors. This Plan shall bind any successor (a "Successor") to all or substantially all of the business or assets of the Company (whether direct or indirect, by purchase, merger, consolidation, or otherwise), in the same manner and to the same extent that the Company would have been obligated under this Plan if no such succession had taken place. In the case of any transaction in which a Successor would not, pursuant to the foregoing provision or by operation of law, be bound by this Plan, the Company shall require such Successor expressly and unconditionally to assume and agree to perform the Company's obligations under this Plan, in the same manner and to the same extent that the Company would have been required to perform such obligations if no such succession had taken place. The term "Company", as used in this Plan, shall mean the Company as hereinbefore defined and any Successor and any assignee to such business or assets that by reason hereof becomes bound by this Plan.
- (j) Recoupment. Notwithstanding any other provision of this Plan to the contrary, Participants will be subject to recoupment policies adopted by the Company, including any policy adopted pursuant to the requirements of the Dodd-Frank Wall Street Reform and Consumer Protection Act or other law or the listing requirements of any national securities exchange on which the Shares may be listed.
- (k) No Right to Continued Service. Nothing contained in the Plan shall (i) confer upon any Participant any right to continue as an employee of the Company or any of its Affiliates, (ii)

constitute any contract of employment or agreement to continue employment for any particular period, or (iii) interfere in any way with the right of the Company or any of its Affiliates to terminate a service relationship with any Participant, with or without cause.

- (l) Interpretation; Administration. Subject to Section 10(a) hereof, the Plan shall be interpreted, administered and operated by the Board, provided that the Board may delegate any of its duties hereunder to a subcommittee of the Board, or to one or more officers of the Company from time to time as it may designate, other than to any Participant in the Plan and subject to applicable law (the “Administrator”). The Administrator shall have complete authority, subject to the terms of the Plan, to interpret the Plan, to prescribe, amend and rescind rules and regulations relating to the Plan, and to make all other determinations necessary or advisable for the administration of the Plan. All decisions, interpretations, and other actions of the Administrator (including with respect to whether a severance-qualifying termination has occurred under the Plan) shall be final, conclusive and binding on all parties who have an interest in the Plan.

(m) Claims Procedures.

- (i) Any Participant who does not receive a benefit under this Plan that he or she feels entitled to receive may file a written claim with the Administrator, explaining the reasons for such claim (such Participant, a “claimant”). The claimant will be informed of the Administrator’s decision with respect to the claim within ninety (90) days after it is filed. Under special circumstances, the Administrator may require an additional period of not more than ninety (90) days to review the claim. In such event, the claimant will receive a written notice of that fact, which will also indicate the special circumstances requiring the extension of time and the date by which the Administrator expects to make a determination with respect to the claim. If the extension is required due to the claimant’s failure to submit information necessary to decide the claim, the period for making the determination will be tolled from the date on which the extension notice is sent to the claimant until the date on which the claimant responds to the Administrator’s request for information. If the claimant is not notified within the ninety (90) day (or, if applicable, extended) period, the claim shall be deemed denied. The Administrator shall have full discretion to deny or grant a claim in whole or in part.
- (ii) If a claim is denied (or deemed to be denied) in whole or in part, or any adverse benefit determination is made with respect to the claim, the claimant will be provided with a written notice setting forth the reason for the determination, along with specific references to Plan provisions on which the determination is based. This notice will also provide an explanation of what, if any, additional information is needed to evaluate the claim (and why such information is necessary), together with an explanation of the Plan’s claims review procedure for the appeal of such denial and the time limits applicable to such procedure, as well as a statement of the claimant’s right to bring a civil action under Section 502(a) of ERISA following an adverse benefit determination on review.
- (iii) If the claim has been denied, or an adverse benefit determination has been made, the claimant may request that the Administrator review the denial. The request must be in

writing, must be made within sixty (60) days after written notification of denial, and should explain the claimant's disagreement with the denial or adverse benefit determination. In connection with this request, the claimant (or the claimant's duly authorized representative) may (A) be provided, upon written request to the Administrator and free of charge, with reasonable access to (and copies of) all documents, records, and other information relevant to the claim, and (B) submit to the Administrator written comments, documents, records, and other information related to the claim.

- (iv) The Administrator will make a final written decision on a claim review within sixty (60) days after receipt of a request for a review. Under special circumstances, the claim may take more time to review, and an additional processing period of up to sixty (60) days may be required. If that happens, the claimant will receive a written notice of that fact, which will also indicate the special circumstances requiring the extension of time and the date by which the Administrator expects to make a determination with respect to the claim. If the extension is required due to the claimant's failure to submit information necessary to decide the claim, the period for making the determination will be tolled from the date on which the extension notice is sent to the claimant until the date on which the claimant responds to the Administrator's request for information.
- (v) The Administrator's decision on the claim for review will be communicated to the claimant in writing. If an adverse benefit determination is made with respect to the claim, the notice will include (A) the specific reason(s) for any adverse benefit determination, with references to the specific Plan provisions on which the determination is based, (B) a statement that the claimant is entitled to receive, upon written request to the Administrator and free of charge, reasonable access to (and copies of) all documents, records and other information relevant to the claim and (C) a statement of the claimant's right to bring a civil action under Section 502(a) of ERISA following an adverse benefit determination on review. If the claimant is not notified within the sixty (60) day (or, if applicable, extended) period, the claim review shall be deemed denied. The decision of the Administrator is final and binding on all parties.
- (vi) Notwithstanding anything to the contrary in this Plan, no legal action for benefits under this Plan (including under Section 10(f)) may be brought until the claims procedures described in this Section 10(m) have been exhausted. Any such legal action for benefits under this Plan must be brought within twelve (12) months following the date that a claim review is denied by the Administrator (or deemed denied in accordance with the preceding paragraph).
- (n) Governing Law. This Plan shall be deemed to be made in the State of Florida, and, to the extent not preempted by ERISA, the validity, interpretation, construction and performance of this Plan in all respects shall be governed by the laws of the State of Florida without regard to its principles of conflicts of law.
- (o) Headings and References. The headings of this Plan are inserted for convenience only and neither constitute a part of this Plan nor affect in any way the meaning or interpretation of this

Plan. When a reference in this Plan is made to a Section, such reference shall be to a Section of this Plan unless otherwise indicated.

- (p) Construction. For purposes of this Plan, the words “include” and “including”, and variations thereof, shall not be deemed to be terms of limitation but rather shall be deemed to be followed by the words “without limitation”. The term “or” is not exclusive. The word “extent” in the phrase “to the extent” shall mean the degree to which a subject or other thing extends, and such phrase shall not mean simply “if”.
- (q) Notices. All notices or other communications required or permitted by this Plan will be made in writing and all such notices or communications will be deemed to have been duly given when delivered or (unless otherwise specified) mailed by United States certified or registered mail, return receipt requested, postage prepaid, addressed as follows:

If to the Company:

AerSale, Inc.
Attn: Chief Executive Officer
255 Alhambra Circle, Suite 1700
Coral Gables, Florida 33134

If to the Participant:

The Participant’s address as most recently
supplied to the Company and set forth in
the Company’s records

or to such other address as any party may have furnished to the other in writing in accordance herewith, except that notices of change of address shall be effective only upon receipt.

(r) Unfunded Plan. This Plan is not funded and has no assets. All benefits payable under this Plan shall be paid directly by the Company out of its general assets. The Company shall not be required to segregate on its books or otherwise any amount to be used for the payment of benefits under this Plan.

Adopted by the Board of Directors of
AerSale Corporation, as of [·].

EXHIBIT B
CONFIDENTIAL SEPARATION AGREEMENT & GENERAL RELEASE

THIS CONFIDENTIAL SEPARATION AGREEMENT & GENERAL RELEASE ("Agreement") is made and entered into by and between _____, on behalf of himself, his agents, representatives, assignees, attorneys, heirs, executors, and administrators (collectively "Employee"), and AerSale Corporation, a Delaware corporation (hereinafter the "Company"). Employee and Company are collectively referred to herein as the "Parties."

I. RECITALS

Employee is currently employed by Company as _____.

Employee and Company agree that Employee's employment with Company will end on _____ (the "Separation Date");

Employee acknowledges that from and after the Separation Date, Employee has no authority to, and shall not, represent himself as an employee or agent of Company;

Employee represents and warrants that he does not have any claims or charges pending against the Company with any court, tribunal or administrative agency;

Employee and Company desire to enter into this Agreement related to Employee's separation from Company; and

Nothing within this Agreement shall constitute an admission of any liability or wrongdoing by Company, which expressly denies any liability or wrongdoing.

II. GENERAL PROVISIONS

The Parties hereby agree as follows:

A. Recitals

The Recitals contained in Section I are incorporated herein and made a part hereof.

B. Release and Discharge by Employee

1. In consideration of the payment called for herein and other good and valuable consideration, the receipt of which is acknowledged, Employee hereby completely releases and forever discharges Company, its successors, agents, assigns, parent companies, and their divisions, subsidiaries, affiliates, related business entities, and co-employers, and

their present and former officers, directors, agents, employees, predecessors, successors, assigns, and all representatives of any of the foregoing, and all other persons, firms or corporations with whom any of the former have been, are now or may hereafter be affiliated (herein the "Released Parties"), from any and all past, present or future claims, demands, obligations, actions, causes of action, rights, damages, punitive damages, attorneys' fees, costs, expenses and compensation of any nature whatsoever, including but not limited to, all claims for violation of the Employee Retirement Income Security Act, Title VII of the Civil Rights Act of 1964, as amended by the Civil Rights Act of 1991, 42 U.S.C. § 2000e, *et seq.*, the Florida Civil Rights Act of 1992, Florida Statutes § 760.01 *et seq.*, the Americans with Disabilities Act, Florida's Whistleblower Act, the Family and Medical Leave Act, 42 U.S.C. § 1981, the Age Discrimination in Employment Act, 29 U.S.C. § 621, *et seq.*, the Worker Adjustment Retraining Notification Act, the Genetic Information Nondiscrimination Act, the Pregnancy Discrimination Act of 1978, and any other federal, state or local human or civil rights statutes, laws, rules and/or regulations, or public policy, or any other action (including all common law or equitable causes of action) arising on or prior to the date this Agreement is executed by the Parties which now has accrued, or have otherwise been acquired against Company. Employee's foregoing release of claims is referred to in this Agreement as the "Release."

2. Employee affirms that he has not filed or caused to be filed, and is not presently a party to, any claim, complaint, or action against any Released Party in any forum or form and that he knows of no facts that may lead to any such claim, complaint, or action being filed against any Released Party by Employee or by any agency or group. Employee and Company acknowledge and agree that nothing in this Agreement limits, or in any way affects, Employee's ability to pursue a charge of discrimination with the Equal Employment Opportunity Commission ("EEOC"), or any related state or local agency. Additionally, Employee and Company acknowledge and agree that nothing in this Agreement is intended to or shall interfere with the Employee's right to participate in a proceeding with any appropriate federal, state or local government agency enforcing discrimination or other applicable laws, nor shall this Agreement prohibit Employee from cooperating with any such agency in its investigation. Notwithstanding the foregoing, Employee hereby waives any right he may otherwise have to recover money damages related to any charge, complaint or lawsuit filed by Employee or anyone else, including but not limited to the EEOC, or any related state or local agency, on Employee's behalf.

C. Payment and Other Consideration

1. Separation Benefits. In consideration of the releases and promises set forth in this Agreement, Company shall pay or provide Employee with the following severance payments and benefits in accordance with Section of the Company's Severance Plan (as amended from time to time, the "Severance Plan"): *[insert payments and benefits]* (the "Separation Benefits"). An IRS Form W-2 will be issued to Employee related to the Separation Benefits.

2. Subject to this Agreement becoming fully effective and irrevocable in accordance with Section R and Employee's continued compliance with Employee's obligations under Section 7 of the Severance Plan, the Separation Benefits will be paid or provided in accordance with the schedule set forth in Section of the Severance Plan.

3. Employee acknowledges that the Separation Benefits to be provided under the terms of this Agreement is for and in consideration of the promises made by Employee herein, and that this Agreement provides Employee with compensation to which Employee would not otherwise be entitled in absence of this Agreement.

D. Non-Disparagement

Employee agrees that he shall not, directly or indirectly, take or attempt to take any of the following actions: disparage, defame or make derogatory or negative statements to any person or entity regarding Company, the Released Parties or any officers, employees or agents of Company or the Released Parties.

E. Nondisclosure of Confidential Information and Return of Company Property

1. Definition of Confidential Information. Employee acknowledges that during his employment with Company he became aware and knowledgeable of highly sensitive, confidential, restricted, and proprietary information involving Confidential Information (as hereinafter defined) of Company, Released Parties and their business. For the purposes of this Agreement, "Confidential Information" shall include, but not be limited to: (i) any and all trade secrets, knowledge, data, specifications, processes, knowhow, inventions, designs, formulae, improvements, developmental or experimental work, databases, and any other confidential or proprietary information relating to current or potential products and/or services of Company or the Released Parties, whether or not patentable or copyrightable; (ii) Company's or the Released Parties' customer lists, pricing methodology and/ or structure, and any and all other nonpublic, confidential or proprietary information regarding Company or any the Released Parties' business, operations, affairs or financial condition, including but not limited to, production methods, grafting methods, box and bag manufacture, marketing strategies, market test data, market research data, plans, financial information, operational information, customer relationships or potential customer relationships, customer profiles, sales estimates, business plans and internal performance results; (iii) any and all documents, inventions, notebooks, reports, drawings, diagrams, specifications, bills and other tangible or intangible manifestations of the foregoing which now exist or are later created; and (iv) any and all other information that is advised, orally or in writing, by Company or the Released Parties as being confidential or privileged. Confidential Information shall not include any information available in the public domain prior to the date of this Agreement.

2. Employee will Keep Confidential Information Confidential. Employee agrees to keep strictly confidential all Confidential Information. Employee shall not reproduce or transfer the Confidential Information or disclose or allow access to the Confidential

Information to any person. All Confidential Information is and shall remain the sole and exclusive property of Company and, as applicable, the Released Parties. All written documentation and tangible copies in whatever form containing Confidential Information, including but not limited to correspondence, written notes, photographs, or memoranda shall be immediately returned to Company, and Employee acknowledges and agrees that any such written documentation and tangible copies shall be and remain the sole and exclusive property of the Company.

3. Third Party Request for Disclosure of Confidential Information. In the event that Employee is requested or required by applicable law, regulation, requests for information or documents, subpoena, civil investigative demand, court or governmental order, or similar process, to disclose any Confidential Information, it is agreed that, to the extent the Employee is legally permitted to do so, he shall provide Company with prompt notice of such event so that it may seek any legally available protective measure to the extent applicable and appropriate, as Company deems necessary.

4. Certain Specific Acknowledgements. In addition, notwithstanding anything to the contrary in this Agreement, nothing herein shall prohibit Employee from reporting possible violations of federal law or regulation to or otherwise cooperating with or providing information requested by any governmental agency or entity, including, but not limited to, the Department of Justice, the Securities and Exchange Commission, the Congress, and any agency Inspector General, or making other disclosures or receiving an award for information provided to any governmental agency or entity, in each case that are protected under the whistleblower provisions of federal law or regulation. Employee does not need the prior authorization of the Company to make any such reports or disclosures and is not required to notify the Company that Employee has made any such reports or disclosures.

5. Duration. The obligations of confidentiality under this Section II.E shall survive forever.

F. Confidentiality/Nondisclosure of this Agreement

1. Employee acknowledges that the confidentiality and non-disclosure of all terms and conditions of this Agreement is an integral part of the agreement to pay severance benefits to Employee and was a material inducement for Company to enter into this Agreement.

2. Employee agrees that Employee will maintain the terms of this Agreement in complete confidentiality. Employee shall make no comments, to any person or entity, including but not limited to the media, friends, co-workers, or former co-workers from Company regarding the Agreement, including the Separation Benefits. For purposes of this Agreement, the word "comments" includes any form of communication, whether oral, written, electronic or otherwise. Employee acknowledges that these nondisclosure provisions are an integral part of this Agreement. Employee may disclose the terms of this

Agreement to Employee's spouse, attorneys and tax preparer/accountants provided that such disclosure to the attorneys and tax preparer/accountants is made for the purposes of the attorneys and tax preparer/accountants providing legal and/or tax advice and provided that Employee's spouse, Employee's attorneys and tax preparer/accountants agree to be bound by this confidentiality section. Employee, if required by a Court order or subpoena, or as otherwise permitted by law, may disclose the terms of this Agreement without breaching these confidentiality provisions provided that in the event a demand is made upon Employee for the disclosure of the terms of the Agreement, Employee shall, within 48 hours immediately provide AerSale Corporation (at its address: 255 Alhambra Circle Suite 1700, Coral Gables, FL 33134), a copy of the demand, so that counsel for Company may have sufficient time to seek any necessary orders, including a protective order, or to otherwise participate in the tribunal's determination of the issue. Notwithstanding the foregoing, Employee acknowledges and agrees that Company may disclose this Agreement, and/or its existence, terms, and conditions, in accordance with the requirements of any U.S. federal securities laws or regulations, the rules of any applicable exchange on which securities of the Company are traded, and any other applicable law.

G. Continuing Restrictive Covenants

Notwithstanding the foregoing non-disparagement and confidentiality covenants, Employee expressly acknowledges and agrees that the terms and provisions contained in Section 7 of the Severance Plan (and any Similar Covenants, as defined in the Severance Plan) remain in full force and effect in accordance with their terms.

H. Waiver of Reemployment

Employee agrees that by executing this Agreement, Employee waives and releases forever any right or rights Employee might have to seek or obtain employment, reemployment, or reinstatement with Company or the Released Parties. Employee's execution of this Agreement is good cause for Company and/or Released Parties to reject Employee's employment application in the future or, in the event Employee is inadvertently hired, to terminate Employee's employment.

I. Cooperation

Employee agrees that he will cooperate with Company as a witness in all matters about which Employee has knowledge as a result of Employee's employment with the Company, or any of the Released Parties, and in which Employee's testimony or knowledge is requested by the Company. For example, if the Company is involved in any litigation or investigation, the Employee agrees to make himself available at a reasonable time and place to be interviewed by Company counsel regarding the litigation or investigation.

J. Warranty of Capacity to Execute Agreement

Employee represents and warrants that no other person or entity has or has had any interest in the claims, demands, obligations or causes of action referred to in this Agreement; that Employee has the sole and exclusive right to receive sums specified in it; that Employee has not sold, assigned, transferred, conveyed or otherwise disposed of any of the claims, demands, obligations or causes of action referred to in this Agreement; and that Employee has the mental capacity to understand and execute the terms and conditions of the Agreement.

K. Disclaimer of Liability

Employee agrees to indemnify and hold harmless Company and the Released Parties from any and all claims or liens presently existing against the Separation Benefits hereby by any person, entity or corporation, as well as any attorneys' fees and costs incurred in representation of Company or the Released Parties in litigation concerning any claims or liens, including but not limited to any claims or liens for attorneys' fees and costs.

L. Entire Agreement & Successors In Interest

Employee agrees that this Agreement, together with Sections 7 through 10 of the Severance Plan (which survive in full force and effect in accordance with their terms), contains the entire agreement between Employee and Company with respect to the matters set forth in it and shall be binding upon and inure to the benefit of Employee's executors, administrators, personal representatives, heirs, successors and assigns. There are no other understandings or agreements, verbal or otherwise, in relation thereto between the parties, except as herein expressly set forth. There have been no representations not set forth herein that Employee has relied upon when entering into this Agreement. Employee agrees that should any provision of this Agreement require interpretation or construction that all parties have participated in the drafting of this document and no presumption regarding construing the document against one party shall apply.

M. Severability

If any provision in this Agreement is found to be unenforceable, all other provisions will remain fully enforceable. The covenants set forth in this Agreement shall be considered and construed as separate and independent covenants. Should any part or provision of any provision of this Agreement be held invalid, void or unenforceable in any court of competent jurisdiction, such invalidity, voidness or unenforceability shall not render invalid, void or unenforceable any other part or provision of this Agreement.

N. Governing Law

This Agreement is entered into in the State of Florida and shall be construed and interpreted in accordance with its laws. The parties agree that the proper and appropriate

venue for any action arising from this Agreement shall be any court of competent jurisdiction in the State of Florida.

O. Acknowledgement of Voluntariness

Employee warrants and represents that Employee has been advised to seek and has sought the advice of attorneys of Employee's choice in connection with Employee's decision whether to accept the benefits that have been offered to Employee under this Agreement (including the Release), and has reviewed this Agreement (including the Release) with advisors of Employee's choice, that Employee has read and understands this Agreement (including the Release), and that Employee has signed this Agreement (including the Release) freely and voluntarily, without duress, coercion or undue influence and with full and free understanding of its terms.

P. Additional Documents

Employee agrees to cooperate fully, and execute any and all supplementary documents, and take all additional actions which may be necessary or appropriate to give full force and effect to the basic terms and intent of this Agreement.

Q. Tax Consequences

Employee specifically warrants, represents, and agrees to be solely responsible for any tax liability under any applicable federal, state, or other laws in connection with the payments made under Section II.C. herein, and that Employee has conferred with counsel concerning tax issues arising from any payment received in accordance with this Agreement. Employee assumes any and all tax consequences arising from any payment made in accordance with the terms of this Agreement and agrees to indemnify Company for any liability arising from any payment received in accordance with this Agreement. Any change, modification, or alteration in tax rulings, regulations, or laws dealing with the taxability of said payments as those provided for herein shall have no effect upon this Agreement and Release of all claims which is full and final upon execution and performance.

R. Acknowledgement of Voluntariness and Opportunity for Review and Revocation

1. Employee acknowledges that (a) Employee knowingly and voluntarily enters into this Agreement with the purpose of waiving any right and releasing any claims under the Age Discrimination in Employment Act of 1967, 29 U.S.C. § 621, *et seq.*; (b) Employee was given a period of up to [twenty-one (21)][forty-five (45)] days within which to review and consider this Agreement; (c) Employee understood Employee could use as much of said [21][45]-day period as Employee desired; (d) Employee was encouraged by Company to consult with a lawyer, at Employee's own expense; (e) if Employee decided not to use the [21][45]-day period, Employee is signing this Agreement voluntarily and of Employee's own free will; and (f) this Agreement is not final and binding until the seven-day period of revocation, described in the following sentences of this Section of the Agreement, has

expired. Employee understands that Company would not have given Employee the special payments or benefits Employee is getting in exchange for this Agreement but for Employee's promises and representations Employee is making by signing it.

2. Employee acknowledges that Employee may revoke Employee's waiver of the rights and release of any ADEA (age discrimination) claims covered by this Agreement, by delivering written notice of Employee's revocation to the Company (at its address: 255 Alhambra Circle, Suite 1700, Coral Gables, FL 33146), no later than the close of business on the seventh (7th) calendar day after the date on which Employee signed this Agreement. If the Agreement is revoked in a timely manner, this Agreement shall not be effective, and Employee shall not receive the Separation Benefits as described in Section II.C. herein.

S. Effectiveness

This Agreement shall become effective following execution by all the Parties. The Agreement may be executed in counterparts, and facsimile or .pdf copies or images of the signature pages shall be deemed effective as if it were an original.

[remainder of page intentionally blank]

Severance Plan Signature Page

EMPLOYEE:

By: _____

Print Name: _____

Date: _____

COMPANY:

AERSALE CORPORATION

By: _____

Print Name: _____

Title: _____

Date: _____



AerSale, Inc.
255 Alhambra Circle, Suite 435
Coral Gables, Florida 33134 USA
Office +1.305.764.3200
Fax +1.305.529.6686

June 7, 2024

Ben Tschirhart

RE: Continued AerSale Employment Offer

Dear Ben:

We are pleased to offer you continued employment with AerSale, Inc. (together with any of its subsidiaries and affiliates as may employ you from time to time, the "Company") on the terms and conditions set forth in this letter (the "Letter"), to be effective upon the 7th day of June 2024 as set forth below:

- **Title:** President – Engineered Solutions – AerSale, Inc. reporting to Chief Executive Officer Nicolas Finazzo
- **Base Salary:** Your Base Salary will be \$300,000 per annum commencing January 1, 2024, and increased to \$350,000 per annum on August 28, 2024, paid biweekly (subject to any applicable withholdings), payable in accordance with the Company's normal payroll practices, and subject to review and adjustment from time to time.
- **Target Bonus:** Commencing with calendar 2024, you will have an annual incentive cash bonus opportunity equal to \$150,000. Payment of the cash bonus in any calendar year, if any, will be subject to the terms and conditions of the applicable bonus program, as the Company may establish from time to time (and will be subject to any applicable withholdings). Unless otherwise expressly provided in such program or the Severance Plan (as defined below), you must remain employed with the Company through the date of payment of any such bonus to be eligible to receive it.
- **Equity Awards:** You will be eligible to receive equity awards under the Company's 2020 Equity Incentive Plan, as amended, or any successor thereto, as determined by the Board of Directors of the Company (or a committee thereof) from time to time in its sole discretion. Commencing with January 1, 2024, you will have an annual equity opportunity equal to \$300,000, increasing to \$333,333 on August 28, 2024, apportioned 25% Restricted Stock Units, 25% Stock Options and 50% Performance Stock Units, subject to the terms and conditions as set forth in each equity award agreement.
- **Employee Benefits:** You will continue to be eligible to participate in the Company's employee health, welfare, and other fringe benefit and perquisite programs, each as may be in effect from time to time and in accordance with their terms.
- **Severance Plan:** You are eligible to participate in the AerSale Corporation Severance Plan (the "Severance Plan") a copy of which has been provided to you. By signing this Letter, you are acknowledging such participation and your understanding that you are agreeing to all of the terms and conditions of the Severance Plan, including certain promises and covenants contained in Section 7 of the Severance Plan (which apply regardless of whether you receive any payments or benefits under the Severance Plan). You

aersale.com

should read the entire Severance Plan carefully. Under the Severance Plan, your Severance Multiple, as that term is used therein, is 2 (two).

- **Non-Compete:** In consideration for the above offer and as a condition to the receipt of the Base Salary, Target Bonus and Equity Awards, you are required to execute a two-year non-compete agreement that will be incorporated into and made part of the Severance Plan.

At-Will Nature of Employment although we hope that your continued employment will be mutually rewarding for you and the Company, your employment with the Company is “at-will,” meaning that you or the Company may terminate your employment at any time and for any reason or no reason. During your employment, you will devote your full-time best efforts and business time and attention to the business of the Company and its subsidiaries.

In consideration of this offer of continued employment and your participation in the Severance Plan, by signing this letter where indicated below, you expressly acknowledge and agree that this Letter shall supersede in its entirety that certain Employment Agreement, by and between you and AerSale, Inc., dated as of July 10, 2023 (the “Prior Agreement”).

This Agreement may be assigned by the Company to a person or entity which is an affiliate or a successor in interest to substantially all of the business operations of the Company. Upon such assignment, the rights and obligations of the Company hereunder shall become the rights and obligations of such affiliate or successor person. You may not assign your rights or obligations to another entity or person.

This Letter, together with the Severance Plan, constitutes our entire understanding and agreement regarding your continued employment by the Company, and supersedes all prior negotiations, communications, understandings, and agreements relating to the subject matter contained herein or therein, including, without limitation, the Prior Agreement.

This Letter shall be interpreted and construed in accordance with the laws of the State of Florida without regard to any conflicts of laws principles.

We look forward to our continuing relationship.

Please acknowledge your acceptance of the terms of this Letter by signing where indicated below and returning an executed copy to Vanessa Machado, SVP of HR.

Very truly yours,

/s/ Nicolas Finazzo

Nicolas Finazzo

Chairman & Chief Executive Officer

ACKNOWLEDGED AND AGREED:

/s/ Ben Tschirhart

Ben Tschirhart

President Engineered Solutions

aersale.com



AerSale, Inc.
255 Alhambra Circle, Suite 435
Coral Gables, Florida 33134 USA
Office +1.305.764.3200
Fax +1.305.529.6686

June 7, 2024

James Fry

RE: Continued AerSale Employment Offer

Dear James:

We are pleased to offer you continued employment with AerSale, Inc. (together with any of its subsidiaries and affiliates as may employ you from time to time, the "Company") on the terms and conditions set forth in this letter (the "Letter"), to be effective upon the 7th day of June, 2024 as set forth below:

- **Title:** Executive Vice President, General Counsel & Secretary AerSale, Inc. reporting to Chief Executive Officer Nicolas Finazzo
- **Base Salary:** Your Base Salary will be \$400,000 per annum paid biweekly (subject to any applicable withholdings), payable in accordance with the Company's normal payroll practices, and subject to review and adjustment from time to time.
- **Target Bonus:** Commencing with calendar 2024, you will have an annual incentive cash bonus opportunity equal to \$240,000. Payment of the cash bonus in any calendar year, if any, will be subject to the terms and conditions of the applicable bonus program, as the Company may establish from time to time (and will be subject to any applicable withholdings). Unless otherwise expressly provided in such program or the Severance Plan (as defined below), you must remain employed with the Company through the date of payment of any such bonus to be eligible to receive it.
- **Equity Awards:** You will be eligible to receive equity awards under the Company's 2020 Equity Incentive Plan, as amended, or any successor thereto, as determined by the Board of Directors of the Company (or a committee thereof) from time to time in its sole discretion. Starting with calendar 2024, you will have an annual equity opportunity equal to \$400,000 apportioned 25% Restricted Stock Units, 25% Stock Options and 50% Performance Stock Units, subject to the terms and conditions as set forth in each equity award agreement.
- **Employee Benefits:** You will continue to be eligible to participate in the Company's employee health, welfare, and other fringe benefit and perquisite programs, each as may be in effect from time to time and in accordance with their terms.
- **Severance Plan:** You are eligible to participate in the AerSale Corporation Severance Plan (the "Severance Plan") a copy of which has been provided to you. By signing this Letter, you are acknowledging such participation and your understanding that you are agreeing to all of the terms and conditions of the Severance Plan, including certain promises and covenants contained in Section 7 of the Severance Plan (which apply regardless of whether

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you receive any payments or benefits under the Severance Plan). You should read the entire Severance Plan carefully. Under the Severance Plan, your Severance Multiple, as that term is used therein, is 2 (two).

- **Non-Compete:** In consideration for the above offer and as a condition to the receipt of the Base Salary, Target Bonus and Equity Awards, you are required to execute a two-year non-compete agreement that will be incorporated into and made part of the Severance Plan.

At-Will Nature of Employment although we hope that your continued employment will be mutually rewarding for you and the Company, your employment with the Company is “at-will,” meaning that you or the Company may terminate your employment at any time and for any reason or no reason. During your employment, you will devote your full-time best efforts and business time and attention to the business of the Company and its subsidiaries.

In consideration of this offer of continued employment and your participation in the Severance Plan, by signing this letter where indicated below, you expressly acknowledge and agree that this Letter shall supersede in its entirety that certain Employment Agreement, by and between you and AerSale, Inc., dated as of January 3, 2022 (the “Prior Agreement”).

This Agreement may be assigned by the Company to a person or entity which is an affiliate or a successor in interest to substantially all of the business operations of the Company. Upon such assignment, the rights and obligations of the Company hereunder shall become the rights and obligations of such affiliate or successor person. You may not assign your rights or obligations to another entity or person.

This Letter, together with the Severance Plan, constitutes our entire understanding and agreement regarding your continued employment by the Company, and supersedes all prior negotiations, communications, understandings, and agreements relating to the subject matter contained herein or therein, including, without limitation, the Prior Agreement.

This Letter shall be interpreted and construed in accordance with the laws of the State of Florida without regard to any conflicts of laws principles.

We look forward to our continuing relationship.

Please acknowledge your acceptance of the terms of this Letter by signing where indicated below and returning an executed copy to Vanessa Machado, SVP of HR.

Very truly yours,

/s/ Nicolas Finazzo

Nicolas Finazzo

Chairman & Chief Executive Officer

ACKNOWLEDGED AND AGREED:

/s/ James Fry

James Fry

Exec VP, General Counsel & Secretary

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Coral Gables, Florida 33134 USA
Office +1.305.764.3200
Fax +1.305.529.6686

June 7, 2024

Enrique Pizzi

RE: Continued AerSale Employment Offer

Dear Enrique:

We are pleased to offer you continued employment with AerSale, Inc. (together with any of its subsidiaries and affiliates as may employ you from time to time, the "Company") on the terms and conditions set forth in this letter (the "Letter"), to be effective upon the 7th day of June, 2024 as set forth below:

- **Title:** Chief Information Officer AerSale, Inc. reporting to Chief Executive Officer Nicolas Finazzo
- **Base Salary:** Your Base Salary will be \$350,000 per annum paid biweekly (subject to any applicable withholdings), payable in accordance with the Company's normal payroll practices, and subject to review and adjustment from time to time.
- **Target Bonus:** Commencing with calendar 2024, you will have an annual incentive cash bonus opportunity equal to \$150,000. Payment of the cash bonus in any calendar year, if any, will be subject to the terms and conditions of the applicable bonus program, as the Company may establish from time to time (and will be subject to any applicable withholdings). Unless otherwise expressly provided in such program or the Severance Plan (as defined below), you must remain employed with the Company through the date of payment of any such bonus to be eligible to receive it.
- **Equity Awards:** You will be eligible to receive equity awards under the Company's 2020 Equity Incentive Plan, as amended, or any successor thereto, as determined by the Board of Directors of the Company (or a committee thereof) from time to time in its sole discretion. Starting with calendar 2024, you will have an annual equity opportunity equal to \$250,000 apportioned 25% Restricted Stock Units, 25% Stock Options and 50% Performance Stock Units, subject to the terms and conditions as set forth in each equity award agreement.
- **Employee Benefits:** You will continue to be eligible to participate in the Company's employee health, welfare, and other fringe benefit and perquisite programs, each as may be in effect from time to time and in accordance with their terms.

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- **Severance Plan:** You are eligible to participate in the AerSale Corporation Severance Plan (the “Severance Plan”) a copy of which has been provided to you. By signing this Letter, you are acknowledging such participation and your understanding that you are agreeing to all of the terms and conditions of the Severance Plan, including certain promises and covenants contained in Section 7 of the Severance Plan (which apply regardless of whether you receive any payments or benefits under the Severance Plan). You should read the entire Severance Plan carefully. Under the Severance Plan, your Severance Multiple, as that term is used therein, is 2 (two).
 - **Non-Compete:** In consideration for the above offer and as a condition to the receipt of the Base Salary, Target Bonus and Equity Awards, you are required to execute a two-year non-compete agreement that will be incorporated into and made part of the Severance Plan.

At-Will Nature of Employment although we hope that your continued employment will be mutually rewarding for you and the Company, your employment with the Company is “at-will,” meaning that you or the Company may terminate your employment at any time and for any reason or no reason. During your employment, you will devote your full-time best efforts and business time and attention to the business of the Company and its subsidiaries.

In consideration of this offer of continued employment and your participation in the Severance Plan, by signing this letter where indicated below, you expressly acknowledge and agree that this Letter shall supersede in its entirety that certain Employment Agreement, by and between you and AerSale, Inc., dated as of December 23, 2020 (the “Prior Agreement”).

This Agreement may be assigned by the Company to a person or entity which is an affiliate or a successor in interest to substantially all of the business operations of the Company. Upon such assignment, the rights and obligations of the Company hereunder shall become the rights and obligations of such affiliate or successor person. You may not assign your rights or obligations to another entity or person.

This Letter, together with the Severance Plan, constitutes our entire understanding and agreement regarding your continued employment by the Company, and supersedes all prior negotiations, communications, understandings, and agreements relating to the subject matter contained herein or therein, including, without limitation, the Prior Agreement.

This Letter shall be interpreted and construed in accordance with the laws of the State of Florida without regard to any conflicts of laws principles.

We look forward to our continuing relationship.

Please acknowledge your acceptance of the terms of this Letter by signing where indicated below and returning an executed copy to James Fry, Executive VP, General Counsel & Secretary.



Very truly yours,

/s/ Nicolas Finazzo

Nicolas Finazzo

Chairman & Chief Executive Officer

ACKNOWLEDGED AND AGREED:

/s/ Enrique Pizzi

Enrique Pizzi

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AERSALE CORPORATION
FIRST AMENDED AND RETATED
INSIDER TRADING COMPLIANCE POLICY

(As of August 3, 2023)

This Insider Trading Compliance Policy (this “*Policy*”) consists of seven sections:

- Section I provides an overview;
- Section II sets forth the policies of the AerSale Corporation (the “*Company*”) prohibiting insider trading;
- Section III explains insider trading;
- Section IV consists of procedures that have been put in place by the Company to prevent insider trading;
- Section V sets forth additional transactions that are prohibited by this Policy;
- Section VI explains Rule 10b5-1 trading plans; and
- Section VII refers to the execution and return of a certificate of compliance.

I. SUMMARY

Preventing insider trading is necessary to comply with securities laws and to preserve the reputation and integrity of the Company as well as that of all persons affiliated with the Company. “Insider trading” occurs when any person purchases or sells a security while in possession of inside information relating to the security. As explained in Section III below, “inside information” is information that is both “material” and “non-public.” Insider trading is a crime. The penalties for violating insider trading laws include imprisonment, disgorgement of profits, civil fines, and significant criminal fines. Insider trading is also prohibited by this Policy, and violation of this Policy may result in Company-imposed sanctions, including termination of employment for cause.

This Policy applies to all officers, directors and employees of the Company. Individuals subject to this Policy are responsible for ensuring that members of their households also comply with this Policy. This Policy also applies to any entities controlled by individuals subject to the Policy, including any corporations, partnerships or trusts (such entities, together with all officers, directors and employees of the Company, are referred to as the “*Covered Persons*”), and transactions by these entities should be treated for the purposes of this Policy and applicable securities laws as if they were for the individual’s own account. This Policy extends to all activities within and outside an individual’s Company duties. Every officer, director and employee must review this Policy. Questions regarding the Policy should be directed to the General Counsel or the Chief Financial Officer.

II. STATEMENT OF POLICIES PROHIBITING INSIDER TRADING

No officer, director or employee shall purchase or sell any type of security while in possession of material, non-public information relating to the security, whether the issuer of such security is the Company or any other company.

These prohibitions do not apply to the following “*permitted transactions*”:

- purchases of the Company’s securities by a Covered Person from the Company or sales of the Company’s securities by a Covered Person to the Company;
- exercises of stock options or other equity awards or the surrender of shares to the Company in payment of the exercise price or in satisfaction of any tax withholding obligations in a manner permitted by the applicable equity award agreement, or vesting of equity-based awards, that in each case do not involve a market sale of the Company’s securities (the “cashless exercise” of a Company stock option through a broker does involve a market sale of the Company’s securities, and therefore would not qualify under this exception);
- purchases of the Company’s securities, through periodic, automatic payroll contributions to the Company’s 2020 Employee Stock Purchase Plan (“*ESPP*”). However, electing to enroll in the *ESPP*, making any changes in elections under the *ESPP* and selling any Company securities acquired under the *ESPP* are subject to trading restrictions under this Policy; or
- purchases or sales of the Company’s securities made pursuant to any binding contract, specific instruction or written plan entered into outside of a black-out period and while the purchaser or seller, as applicable, was unaware of any material, non-public information and which contract, instruction or plan (i) meets all of the requirements of the affirmative defense provided by Rule 10b5-1 (“***Rule 10b5-1***”) promulgated under the Securities Exchange Act of 1934, as amended (the “***1934 Act***”), (ii) was pre-cleared in advance pursuant to this Policy and (iii) has not been amended or modified in any respect after such initial pre-clearance without such amendment or modification being pre-cleared in advance pursuant to this Policy. For more information about Rule 10b5-1 trading plans, see Section VI below.

In addition, no officer, director or employee shall directly or indirectly communicate (or “*tip*”) material, non-public information to anyone outside of the Company (except in accordance with the Company’s policies regarding the protection or authorized external disclosure of Company information) or to anyone within the Company other than on a need-to-know basis.

III. EXPLANATION OF INSIDER TRADING

“*Insider trading*” refers to the purchase or sale of a security while in possession of “material,” “non-public” information relating to the security or its issuer.

“*Securities*” include stocks, bonds, notes, debentures, options, warrants and other convertible securities, as well as derivative instruments.

“Purchase” and “sale” are defined broadly under the federal securities law. “Purchase” includes not only the actual purchase of a security, but any contract to purchase or otherwise acquire a security. “Sale” includes not only the actual sale of a security, but any contract to sell or otherwise dispose of a security. These definitions extend to a broad range of transactions, including conventional cash-for-stock transactions, conversions, the exercise of stock options, and acquisitions and exercises of warrants or puts, calls or other derivative securities.

It is generally understood that insider trading includes the following:

- trading by insiders while in possession of material, non-public information;
- trading by persons other than insiders while in possession of material, non-public information, if the information either was given in breach of an insider’s fiduciary duty to keep it confidential or was misappropriated; and
- communicating or tipping material, non-public information to others, including recommending the purchase or sale of a security while in possession of such information.

A. What Facts are Material?

The materiality of a fact depends upon the circumstances. A fact is considered “material” if there is a substantial likelihood that a reasonable investor would consider it important in making a decision to buy, sell or hold a security, or if the fact is likely to have a significant effect on the market price of the security. Material information can be positive or negative and can relate to virtually any aspect of a company’s business or to any type of security, debt or equity.

Examples of material information include (but are not limited to) information about:

- financial information, including corporate earnings or earnings forecasts;
- mergers, acquisitions, tender offers, joint ventures, dispositions or changes in assets;
- major new products or product developments;
- important business developments, such as developments regarding strategic partnerships or the Company’s relationship with licensors, collaborators, customers or suppliers (such as the acquisition or loss of a contract);
- incidents involving cybersecurity, data protection or personally identifiable information;
- developments regarding the Company’s intellectual property portfolio;
- changes in control or management;
- significant litigation or regulatory actions;
- significant financing developments including pending public sales or offerings of debt or equity securities;
- changes in the outside auditor or notification by the auditor that the Company may no longer rely on an auditor’s report;

- events regarding the Company's securities, for example, defaults on senior securities, calls of securities for redemption, repurchase plans, stock splits or changes in dividends, changes to the rights of security holders and public or private sales of securities; and
- bankruptcies or receiverships.

Moreover, material information does not have to be related to a company's business. For example, the contents of a forthcoming newspaper column that is expected to affect the market price of a security can be material.

A good general rule of thumb: **When in doubt, do not trade.**

B. What is Non-Public?

Information is "non-public" if it is not available to the general public. In order for information to be considered public, it must be widely disseminated in a manner making it generally available to investors through such media as Dow Jones, Business Wire, Reuters, The Wall Street Journal, Associated Press, or United Press International, a broadcast on widely available radio or television programs, publication in a widely available newspaper, magazine or news web site, a Regulation FD-compliant conference call, or public disclosure documents filed with the Securities and Exchange Commission ("SEC") that are available on the SEC's web site.

The circulation of rumors, even if accurate and reported in the media, does not constitute effective public dissemination. In addition, even after a public announcement, a reasonable period of time must lapse in order for the market to react to the information. Generally, one should allow two full trading days following publication as a reasonable waiting period before such information is deemed to be public. If, for example, the Company were to make an announcement on a Monday prior to 9:30 a.m. Eastern time, the information would be deemed public after the close of trading on Tuesday. If an announcement were made on a Monday after 9:30 a.m. Eastern time, the information would be deemed public after the close of trading on Wednesday. If you have any question as to whether information is publicly available, please direct an inquiry to the Chief Financial Officer.

C. Who is an Insider?

"Insiders" include officers, directors and employees of a company and anyone else who has material non-public information about a company. Insiders have independent fiduciary duties to their company and its stockholders not to trade on material, non-public information relating to the company's securities. All officers, directors and employees of the Company should consider themselves insiders with respect to material, non-public information about the Company's business, activities and securities.

Individuals subject to this Policy are responsible for ensuring that members of their households also comply with this Policy. This Policy also applies to any entities controlled by individuals subject to the Policy, including any corporations, partnerships or trusts, and transactions by these entities should be treated for the purposes of this Policy and applicable securities laws as if they were for the individual's own account.

D. Trading by Persons Other than Insiders

Insiders may be liable for communicating or tipping material, non-public information to a third party (“*tippee*”), and insider trading violations are not limited to trading or tipping by insiders. Persons other than insiders also can be liable for insider trading, including tippees who trade on material, non-public information tipped to them or individuals who trade on material, non-public information that has been misappropriated.

Tippees inherit an insider’s duties and are liable for trading on material, non-public information illegally tipped to them by an insider. Similarly, just as insiders are liable for the insider trading of their tippees, so are tippees who pass the information along to others who trade. In other words, a tippee’s liability for insider trading is no different from that of an insider. Tippees can obtain material, non-public information by receiving overt tips from others or through, among other things, conversations at social, business, or other gatherings.

E. Penalties for Engaging in Insider Trading

Penalties for trading on or tipping material, non-public information can extend significantly beyond any profits made or losses avoided, both for individuals engaging in such unlawful conduct and their employers. The SEC and Department of Justice have made the civil and criminal prosecution of insider trading violations a top priority. Enforcement remedies available to the government or private plaintiffs under the federal securities laws include:

- SEC administrative sanctions;
- securities industry self-regulatory organization sanctions;
- civil injunctions;
- damage awards to private plaintiffs;
- disgorgement of all profits;
- civil fines for the violator of up to three times the amount of profit gained or loss avoided;
- civil fines for the employer or other controlling person of a violator (i.e., where the violator is an employee or other controlled person) of up to the greater of \$2,479,282 (subject to adjustment for inflation) or three times the amount of profit gained or loss avoided by the violator;
- criminal fines for individual violators of up to \$5,000,000 (\$25,000,000 for an entity); and
- jail sentences of up to 20 years.

In addition, insider trading could result in serious sanctions by the Company, including dismissal. Insider trading violations are not limited to violations of the federal securities laws. Other federal and state civil or criminal laws, such as the laws prohibiting mail and wire fraud and the Racketeer Influenced and Corrupt Organizations Act (RICO), also may be violated in connection with insider trading.

F. Size of Transaction and Reason for Transaction Do Not Matter

The size of the transaction or the amount of profit received does not have to be significant to result in prosecution. The SEC has the ability to monitor even the smallest trades, and the SEC performs routine market surveillance. Brokers and dealers are required by law to inform the SEC of any possible violations by people who may have material, non-public information. The SEC aggressively investigates even small insider trading violations.

G. Examples of Insider Trading

Examples of insider trading cases include:

- actions brought against corporate officers, directors, and employees who traded in a company's securities after learning of significant confidential corporate developments;
- friends, business associates, family members and other tippees of such officers, directors, and employees who traded in the securities after receiving such information;
- government employees who learned of such information in the course of their employment; and
- other persons who misappropriated, and took advantage of, confidential information from their employers.

The following are illustrations of insider trading violations. These illustrations are hypothetical and, consequently, not intended to reflect on the actual activities or business of the Company or any other entity.

Trading by Insider

An officer of X Corporation learns that earnings to be reported by X Corporation will increase dramatically. Prior to the public announcement of such earnings, the officer purchases X Corporation's stock. The officer, an insider, is liable for all profits as well as penalties of up to three times the amount of all profits. The officer also is subject to, among other things, criminal prosecution, including up to \$5,000,000 in additional fines and 20 years in jail. Depending upon the circumstances, X Corporation and the individual to whom the officer reports also could be liable as controlling persons.

Trading by Tippee

An officer of X Corporation tells a friend that X Corporation is about to publicly announce that it has signed an agreement for a major acquisition. This tip causes the friend to purchase X Corporation's stock in advance of the announcement. The officer is jointly liable with his friend for all of the friend's profits, and each is liable for all civil penalties of up to three times the amount of the friend's profits. The officer and his friend are also subject to criminal prosecution and other remedies and sanctions, as described above.

H. Prohibition of Records Falsification and False Statements

Section 13(b)(2) of the 1934 Act requires companies subject to the Act to maintain proper internal books and records and to devise and maintain an adequate system of internal accounting controls. The SEC has supplemented the statutory requirements by adopting rules that prohibit (1) any person from falsifying records or accounts subject to the above requirements and (2) officers or directors from making any materially false, misleading, or incomplete statement to any accountant in connection with any audit or filing with the SEC. These provisions reflect the SEC's intent to discourage officers, directors and other persons with access to the Company's books and records from taking action that might result in the communication of materially misleading financial information to the investing public.

IV. STATEMENT OF PROCEDURES PREVENTING INSIDER TRADING

The following procedures have been established, and will be maintained and enforced, by the Company to prevent insider trading. Every officer, director and designated employee is required to follow these procedures.

A. Pre-Clearance of All Trades by All Officers, Directors and Certain Employees

To provide assistance in preventing inadvertent violations of applicable securities laws and to avoid the appearance of impropriety in connection with the purchase and sale of the Company's securities, **all transactions in the Company's securities (including without limitation, acquisitions and dispositions (including by gift) of Company stock, the exercise of stock options and the sale of Company stock issued upon exercise of stock options) by officers, directors and such other employees as are designated from time to time by the Board of Directors, the General Counsel, the Chief Financial Officer or the Chief Executive Officer as being subject to this pre-clearance process (each, a "Pre-Clearance Person") must be pre-cleared by the General Counsel and the Chief Financial Officer.** Pre-clearance does not relieve anyone of his or her responsibility under SEC rules. For the avoidance of doubt, any designation by the Board of Directors of the employees who are subject to pre-clearance may be updated from time to time by the Chief Financial Officer or Chief Executive Officer.

A request for pre-clearance must be in writing (including without limitation by e-mail), should be made at least two (2) business days in advance of the proposed transaction and must include the identity of the Pre-Clearance Person, the type of proposed transaction (for example, an open market purchase, a privately negotiated sale, an option exercise, etc.), the proposed date of the transaction and the number of shares, options or other securities to be involved (a Request for Approval to Trade form is attached as **Attachment B** and should be used to facilitate the pre-clearance process). In addition, unless otherwise determined by the General Counsel or the Chief Financial Officer, the Pre-Clearance Person must execute a certification (in the form approved by the General Counsel or Chief Financial Officer) that he, she or it is not aware of material, non-public information about the Company. The General Counsel and Chief Financial Officer shall have sole discretion to decide whether to clear any contemplated transaction, provided that the General Counsel and Chief Executive Officer shall have sole discretion to decide whether to clear transactions by the Chief Financial Officer or persons or entities subject to this policy as a result of their relationship with the Chief Financial Officer. All trades that are pre-cleared must be effected within five business days of receipt of the pre-clearance unless a specific exception has been

granted by the General Counsel or the Chief Financial Officer (or the Chief Executive Officer, in the case of the General Counsel or Chief Financial Officer or persons or entities subject to this policy as a result of their relationship with the General Counsel or Chief Financial Officer). A pre-cleared trade (or any portion of a pre-cleared trade) that has not been effected during the five business day period must be pre-cleared again prior to execution. Notwithstanding receipt of pre-clearance, if the Pre-Clearance Person becomes aware of material, non-public information or becomes subject to a black-out period before the transaction is effected, the transaction may not be completed.

B. Black-Out Periods

No officer, director or other employee designated from time to time by the Board of Directors, the Chief Executive Officer, the Chief Financial Officer or the General Counsel as being subject to quarterly blackout periods shall trade any security of the Company during the period beginning at 11:59 p.m., Eastern time, on the 15th calendar day before the end of any fiscal quarter of the Company and ending upon the completion of the second full trading day after the public release of earnings data for such fiscal quarter or during any other trading suspension period declared by the Company, except for trades made pursuant to the permitted transactions described in Section II. For example, if the Company's fourth fiscal quarter ends at 11:59 p.m., Eastern time, on December 31, the corresponding blackout period would begin at 11:59 p.m., Eastern time, on December 15 and end at the close of trading on the second full trading day after the public release of earnings data for such fiscal quarter. For the avoidance of doubt, any designation by the Board of Directors of the employees who are subject to quarterly blackout periods may be updated from time to time by the Chief Executive Officer, Chief Financial Officer or General Counsel.

The safest period for trading in the Company's securities, assuming the absence of material, nonpublic information, generally is the first ten trading days following the end of a black-out period discussed above. This is because officers, directors and employees will, as any quarter progresses, be increasingly likely to possess material, nonpublic information about the expected financial results for that quarter.

Exceptions to the black-out period policy may be approved only by the General Counsel or the Chief Financial Officer (or, in the case of an exception for the General Counsel or the Chief Financial Officer or persons or entities subject to this policy as a result of their relationship with the General Counsel or Chief Financial Officer, the Chief Executive Officer or, in the case of exceptions for directors or persons or entities subject to this policy as a result of their relationship with a director, the Board of Directors).

From time to time, the Company, through the Board of Directors, the Company's disclosure committee or the General Counsel, may recommend that officers, directors, employees or others suspend trading in the Company's securities because of developments that have not yet been disclosed to the public. Subject to the exceptions noted above, all of those affected should not trade in the Company's securities while the suspension is in effect, and should not disclose to others that the Company has suspended trading.

If the Company is required to impose a “pension fund black-out period” under Regulation BTR, each director and executive officer shall not, directly or indirectly sell, purchase or otherwise transfer during such black-out period any equity securities of the Company acquired in connection with his or her service as a director or officer of the Company, except as permitted by Regulation BTR.

C. Post-Termination Transactions

If an individual is in possession of material, non-public information when his or her service terminates, that individual may not trade in the Company’s securities until that information has become public or is no longer material.

D. Information Relating to the Company

1. *Access to Information*

Access to material, non-public information about the Company, including the Company’s business, earnings or prospects, should be limited to officers, directors and employees of the Company on a need-to-know basis. In addition, such information should not be communicated to anyone outside the Company under any circumstances (except in accordance with the Company’s policies regarding the protection or authorized external disclosure of Company information) or to anyone within the Company other than on a need-to-know basis.

In communicating material, non-public information to employees of the Company, all officers, directors and employees must take care to emphasize the need for confidential treatment of such information and adherence to the Company’s policies with regard to confidential information.

2. *Inquiries From Third Parties*

Inquiries from third parties, such as industry analysts or members of the media, about the Company should be directed to the Chief Financial Officer.

E. Limitations on Access to Company Information

The following procedures are designed to maintain confidentiality with respect to the Company’s business operations and activities.

All officers, directors and employees should take all steps and precautions necessary to restrict access to, and secure, material, non-public information by, among other things:

- maintaining the confidentiality of Company-related transactions;
- conducting their business and social activities so as not to risk inadvertent disclosure of confidential information. Review of confidential documents in public places should be conducted so as to prevent access by unauthorized persons;
- restricting access to documents and files (including computer files) containing material, non-public information to individuals on a need-to-know basis (including maintaining control over the distribution of documents and drafts of documents);

- promptly removing and cleaning up all confidential documents and other materials from conference rooms following the conclusion of any meetings;
- disposing of all confidential documents and other papers, after there is no longer any business or other legally required need, through shredders when appropriate;
- restricting access to areas likely to contain confidential documents or material, non-public information;
- safeguarding laptop computers, mobile devices, tablets, memory sticks, CDs and other items that contain confidential information; and
- avoiding the discussion of material, non-public information in places where the information could be overheard by others such as in elevators, restrooms, hallways, restaurants, airplanes or taxicabs.

Personnel involved with material, non-public information, to the extent feasible, should conduct their business and activities in areas separate from other Company activities.

V. ADDITIONAL PROHIBITED TRANSACTIONS

The Company has determined that there is a heightened legal risk and/or the appearance of improper or inappropriate conduct if the persons subject to this Policy engage in certain types of transactions. Therefore, officers, directors and employees shall comply with the following policies with respect to certain transactions in the Company securities:

A. Short Sales

Short sales of the Company's securities evidence an expectation on the part of the seller that the securities will decline in value, and therefore signal to the market that the seller has no confidence in the Company or its short-term prospects. In addition, short sales may reduce the seller's incentive to improve the Company's performance. For these reasons, short sales of the Company's securities are prohibited by this Policy. In addition, Section 16(c) of the 1934 Act absolutely prohibits Section 16 reporting persons (i.e., directors, certain officers and the Company's 10% stockholders) from making short sales of the Company's equity securities, *i.e.*, sales of shares that the insider does not own at the time of sale, or sales of shares against which the insider does not deliver the shares within 20 days after the sale.

B. Options

A transaction in options is, in effect, a bet on the short-term movement of the Company's stock and therefore creates the appearance that an officer, director or employee is trading based on inside information. Transactions in options, whether traded on an exchange, on any other organized market or on an over-the-counter market, also may focus an officer's, director's or employee's attention on short-term performance at the expense of the Company's long-term objectives. Accordingly, transactions in puts, calls or other derivative securities involving the Company's equity securities, on an exchange, on any other organized market or on an over-the-counter market, are prohibited by this Policy.

C. Hedging Transactions

Purchasing financial instruments, such as prepaid variable forward contracts, equity swaps, collars, and exchange funds, or otherwise engaging in transactions that hedge or offset, or are designed to hedge or offset, any decrease in the market value of the Company's equity securities, may cause an officer, director, or employee to no longer have the same objectives as the Company's other stockholders. Therefore, all such transactions involving the Company's equity securities, whether such securities were granted as compensation or are otherwise held, directly or indirectly, are prohibited by this Policy.

D. Purchases of the Company's Securities on Margin; Pledging the Company's Securities to Secure Margin or Other Loans

Purchasing on margin means borrowing from a brokerage firm, bank or other entity in order to purchase the Company's securities (other than in connection with a cashless exercise of stock options through a broker under the Company's equity plans). Margin purchases of the Company's securities are prohibited by this Policy.

Pledging the Company's securities as collateral to secure loans is prohibited. This prohibition means, among other things, that you cannot hold the Company's securities in a "margin account" (which would allow you to borrow against your holdings to buy securities).

E. Director and Executive Officer Cashless Exercises

The Company will not arrange with brokers to administer cashless exercises on behalf of directors and executive officers of the Company. Directors and executive officers of the Company may use the cashless exercise feature of their equity awards only if (i) the director or officer retains a broker independently of the Company, (ii) the Company's involvement is limited to confirming that it will deliver the stock promptly upon payment of the exercise price, (iii) the director or officer uses a "T+2" cashless exercise arrangement, in which the Company agrees to deliver stock against the payment of the purchase price on the same day the sale of the stock underlying the equity award settles and (iv) the director or officer otherwise complies with this Policy. Under a T+2 cashless exercise, a broker, the issuer, and the issuer's transfer agent work together to make all transactions settle simultaneously. This approach is to avoid any inference that the Company has "extended credit" in the form of a personal loan to the director or executive officer. Questions about cashless exercises should be directed to the General Counsel or Chief Financial Officer.

F. Partnership Distributions

Nothing in this Policy is intended to limit the ability of a venture capital partnership or other similar entity with which a director is affiliated to distribute Company securities to its partners, members or other similar persons. It is the responsibility of each affected director and the affiliated entity, in consultation with their own counsel (as appropriate), to determine the timing of any distributions, based on all relevant facts and circumstances and applicable securities laws.

VI. RULE 10b5-1 TRADING PLANS

A. Overview

Rule 10b5-1 under the 1934 Act (“Rule 10b5-1”) presents an opportunity for insiders to establish arrangements to trade or gift Company stock without the restrictions of trading windows and blackout periods, even when there is undisclosed material information. Rule 10b5-1 provides an affirmative defense for directors, officers and employees from insider trading liability under Rule 10b5-1 for transactions under a previously established contract, plan or instruction to trade in or gift the Company’s stock (a “*Trading Plan*”) entered into in good faith and in accordance with the terms and conditions of Rule 10b5-1 and all applicable state laws and will be exempt from the trading restrictions set forth in this Policy. Trading Plans entered into by a director or Section 16 officer must include a representation certifying that, on the date of adoption of such Trading Plan, the individual is not aware of any material, non-public information about the Company or the securities under the Trading Plan and the individual is adopting the Trading Plan in good faith and not as part of a plan or scheme to evade the prohibitions of Rule 10b5-1.

The initiation of, and any modification to, any such Trading Plan will be deemed to be a transaction in the Company’s securities, and such initiation or modification is subject to all limitations and prohibitions relating to transactions in the Company’s securities. Each such Trading Plan, and any modification thereof, must be submitted to and pre-approved by the General Counsel or Chief Financial Officer, or such other person as the Board of Directors may designate from time to time (the “*Authorizing Officer*”), who may impose such conditions on the implementation and operation of the Trading Plan as the Authorizing Officer deems necessary or advisable. However, compliance of the Trading Plan to the terms of Rule 10b5-1 and the execution of transactions pursuant to the Trading Plan are the sole responsibility of the person initiating the Trading Plan, not the Company or the Authorizing Officer.

Trading Plans do not exempt individuals from complying with Section 16 short-swing profit rules or liability. Furthermore, Trading Plans only provide an “affirmative defense” in the event there is an insider trading lawsuit. It does not prevent someone from bringing a lawsuit.

A director, officer or employee may enter into a Trading Plan only when he or she is not in possession of material, non-public information, and only during a trading window period outside of the trading black-out period. Although transactions effected under a Trading Plan will not require further pre-clearance at the time of the trade, any transaction (including the quantity and price) made pursuant to a Trading Plan of a Section 16 reporting person must be reported to the Company promptly on the day of each trade to permit the Company’s filing coordinator to assist in the preparation and filing of a required Form 4. However, the ultimate responsibility, and liability, for timely filing remains with the Section 16 reporting person.

The Company reserves the right from time to time to suspend, discontinue or otherwise prohibit any transaction in the Company's securities, even pursuant to a previously approved Trading Plan, if the Authorizing Officer or the Board of Directors, in its discretion, determines that such suspension, discontinuation or other prohibition is in the best interests of the Company. Any Trading Plan submitted for approval hereunder should explicitly acknowledge the Company's right to prohibit transactions in the Company's securities. Failure to discontinue purchases, sales, or other trades as directed shall constitute a violation of the terms of this Section VI and result in a loss of the exemption set forth herein.

Officers, directors and employees may adopt Trading Plans with brokers that outline a pre-set plan for trading or gifting of the Company's stock, including the exercise of options and the payment of applicable withholding taxes arising in connection with the exercise of options or the vesting of other equity-based awards. Trades pursuant to a Trading Plan generally may occur at any time. However, the Company requires a cooling-off period between the establishment of a Trading Plan and commencement of any transactions under such plan of (i) with respect to a director, or an officer who is a Section 16 reporting person, the later of (a) 90 days after the adoption of the Trading Plan or (b) two business days following the disclosure of the Company's financial results in a Form 10-Q or Form 10-K covering the completed fiscal quarter in which the Trading Plan was adopted, or (ii) with respect to a person who is not a director or Section 16 officer, 30 calendar days after the adoption of the Trading Plan. An individual may not adopt more than one Trading Plan (subject to the exceptions set out in Rule 10b5-1(c)(ii)(D) under the 1934 Act). Furthermore, an individual may have only one single trade plan during any consecutive 12-month period, except for sell-to-cover arrangements that are eligible for the exception under Rule 10b5-1(c)(ii)(D)(3). A single-trade plan is one that is "designed to effect" a trade in a single transaction.

Please review the following description of how a Trading Plan works.

Pursuant to Rule 10b5-1, an individual's purchase or sale of securities will not be "on the basis of" material, non-public information if:

- First, before becoming aware of the information, the individual enters into a binding contract to purchase or sell the securities, provides instructions to another person to sell the securities or adopts a written plan for trading the securities (i.e., the Trading Plan).
- Second, the Trading Plan must:
 - specify the amount of securities to be purchased, sold or gifted, the price at which the securities are to be purchased, sold or gifted and the date on which the securities are to be purchased, sold or gifted;
 - include a written formula or algorithm or computer program for determining the amount, price and date of the transactions; or
 - prohibit the individual from exercising any subsequent influence over the purchase, sale or gift of the Company's stock under the Trading Plan in question.

- Third, the purchase, sale or gift must occur pursuant to the Trading Plan and the individual must not enter into a corresponding hedging transaction or alter or deviate from the Trading Plan.

B. Revocation of and Amendments to Trading Plans

Revocation of or amendments to Trading Plans should occur only in unusual circumstances. Effectiveness of any revocation of or amendment to a Trading Plan will be subject to the prior review and approval of the Authorizing Officer. A pre-approved revocation or amendment is effected upon written notice to the broker.

Revocation of a Trading Plan or an amendment to the amount, price, or timing of the purchase or sale of securities underlying a Trading Plan will be subject to the cooling off period described above.

Under certain circumstances, a Trading Plan *must* be revoked. This may include circumstances such as the announcement of a merger or the occurrence of an event that would cause the transaction either to violate the law or to have an adverse effect on the Company. The Authorizing Officer or administrator of the Company's stock plans is authorized to notify the broker in such circumstances, thereby insulating the insider in the event of revocation.

C. Discretionary Plans

Although non-discretionary Trading Plans are preferred, discretionary Trading Plans, where the discretion or control over trading is transferred to a broker, are permitted if pre-approved by the Authorizing Officer.

D. Pre-Approval

The Authorizing Officer of the Company must pre-approve any Trading Plan, arrangement or trading instructions, etc., involving potential trades in Company securities such as sales or purchases of the Company's stock or option exercises, including but not limited to, blind trusts, discretionary accounts with banks or brokers, or limit orders at least five days in advance of such plan being entered into. . The actual transactions effected pursuant to a pre-approved Trading Plan will not be subject to further pre-clearance for transactions in the Company's stock once the Trading Plan or other arrangement has been pre-approved.

E. Reporting (if Required)

If required, an SEC Form 144 will be filled out and filed by the individual/brokerage firm in accordance with the existing rules regarding Form 144 filings. A footnote at the bottom of the Form 144 should indicate that the trades "are in accordance with a trading plan that complies with Rule 10b5-1 and was adopted on ____." For Section 16 reporting persons, Form 4s must be filed before the end of the second business day following the date that a transaction was executed. The checkbox on Form 4 indicating that the reported transaction was intended to satisfy the affirmative defense conditions of Rule 10b5-1 should be checked.

F. Options

Exercises of options for cash may be executed at any time. “Cashless exercise” option exercises through a broker are not permitted during blackout periods. However, the Company will permit same day sales under Trading Plans. If a broker is required to execute a cashless exercise in accordance with a Trading Plan, then the Company must have exercise forms attached to the Trading Plan that are signed, undated and with the number of shares to be exercised left blank. Once a broker determines that the time is right to exercise the option and dispose of the shares in accordance with the Trading Plan, the broker will notify the Company in writing and the administrator of the Company’s stock plans will fill in the number of shares and the date of exercise on the previously signed exercise form. The insider should not be involved with this part of the exercise.

G. Restricted Stock Units and Performance Share Units

The sale of shares to cover withholding taxes on the vesting of restricted stock units and performance share units are not permitted during blackout periods. However, the Company will permit “sell-to-cover” transactions in which an insider instructs a broker to sell shares in order to satisfy tax withholding obligations at the time restricted stock units or performance share units vest in accordance with a Trading Plan. When a broker is required to sell shares in order to satisfy tax withholding obligations upon the vesting of restricted stock units or performance share units in accordance with a Trading Plan, the broker will notify the Company in writing and will work with the administrator of the Company’s stock plans to determine the number of shares to be sold to satisfy such tax withholding obligations. The insider should not be involved with the determination of the number of shares to be sold to satisfy tax withholding obligations.

H. Trades Outside of a Trading Plan

During an open trading window, trades differing from Trading Plan instructions that are already in place are allowed as long as the Trading Plan continues to be followed.

I Public Announcements

The Company may make a public announcement that Trading Plans are being implemented in accordance with Rule 10b5-1. It will consider in each case whether a public announcement of a particular Trading Plan should be made. It may also make public announcements or respond to inquiries from the media as transactions are made under a Trading Plan.

J. Prohibited Transactions

The transactions prohibited under Section V of this Policy, including among others short sales and hedging transactions, may not be carried out through a Trading Plan or other arrangement or trading instruction involving potential sales or purchases of the Company's securities.

K. Limitation on Liability

None of the Company, the Chief Financial Officer, the Chief Executive Officer, the Authorizing Officer, the Company's other employees or any other person will have any liability for any delay in reviewing, or refusal of, a Trading Plan submitted pursuant to this Section VI or a request for pre-clearance submitted pursuant to Section IV of this Policy. Notwithstanding any review of a Trading Plan pursuant to this Section VI or pre-clearance of a transaction pursuant to Section IV of this Policy, none of the Company, the General Counsel, the Chief Executive Officer, the Authorizing Officer, the Company's other employees or any other person assumes any liability for the legality or consequences of such Trading Plan or transaction to the person engaging in or adopting such Trading Plan or transaction.

VII. EXECUTION AND RETURN OF CERTIFICATION OF COMPLIANCE

After reading this Policy and on an annual basis, all officers, directors and employees should execute and return to the General Counsel the Certification of Compliance form attached hereto as "Attachment A."

ATTACHMENT A

CERTIFICATION OF COMPLIANCE

RETURN BY [_____] *[insert return deadline]*

TO: _____, General Counsel

FROM: _____

RE: INSIDER TRADING COMPLIANCE POLICY OF AERSALE CORPORATION

I have received, reviewed and understand the above-referenced Insider Trading Compliance Policy and undertake, as a condition to my present and continued employment with (or, if I am not an employee, affiliation with) AerSale Corporation, to comply fully with the policies and procedures contained therein.

I hereby certify, to the best of my knowledge, that during the calendar year ending December 31, 20[___], I have complied fully with all policies and procedures set forth in the above-referenced Insider Trading Compliance Policy.

SIGNATURE

DATE

TITLE

**REQUEST FOR APPROVAL TO TRADE
AERSALE CORPORATION SECURITIES**

Status (check applicable boxes)

- ☐ Executive Officer
- ☐ Board Member
- ☐ Other Designated Person

Type of Security (check applicable boxes)

- ☐ Common stock
- ☐ Preferred stock
- ☐ Stock Option
- ☐ Warrant

Number of Shares in current transaction _____

Proposed Time Frame of Transaction _____

Type of Transaction (check applicable boxes)

- ☐ Purchase
- ☐ Sale
- ☐ Gift
- ☐ Stock option/warrant exercise:

Exercise Price \$_____.

Exercise Price paid as follows:

- ☐ Broker's cashless exchange
- ☐ cash
- ☐ other _____

Withholding tax (if applicable) paid as follows:

- ☐ Broker's cashless exchange
- ☐ other _____

Transactions in AerSale Securities within the last six (6) months:

☐ Purchase-	Date _____	; # of Shares _____	; Price _____
☐ Sale-	Date _____	; # of Shares _____	; Price _____
☐ Other-	Date _____	; # of Shares _____	; Price _____

Broker Contact Information

Company Name _____

Contact Name _____

Telephone _____

Account Number _____

I am not currently in possession of any material non-public information relating to AerSale Corporation and its subsidiaries. I hereby certify that the statements made on this form are true and correct.

I understand that clearance may be rescinded prior to effectuating the above transaction if material non public information regarding AerSale arises and, in the reasonable judgment of AerSale, the completion of my trade would be inadvisable. I also understand that the ultimate responsibility for compliance with the insider trading provisions of the federal securities laws rests with me and that clearance of any proposed transaction should not be construed as a guarantee that I will not later be found to have been in possession of material non-public information.

Signature _____ Date _____

Print Name _____

Telephone Number Where You May Be Reached _____

-
- ☐ Request Approved (transaction must be completed during the Window Period (as defined in the AerSale's Corporation Insider Trading Policy) in which this approval was granted.
 - ☐ Request Approved (transaction must be completed during the Window Period (as defined in the AerSale's Corporation Insider Trading Policy) in which this approval was granted.
 - ☐ Request Denied
 - ☐ Request Approved with the following modification _____
-

Company Approval:

Signature _____ Name:

Signature _____

Name:

List of Subsidiaries

Name of Subsidiary	Jurisdiction of Formation
AerSale Corporation	Delaware
Monocle Parent, LLC	Delaware
AerSale Aviation, Inc.	Delaware
AerSale, Inc.	Florida
AerSale Component Solutions, Inc.	New Mexico
Avborne Accessory Group, Inc.	Delaware
Aircraft Composite Technologies, Inc.	Florida
Aircraft MSN 24125 Trust	Utah Trust
AerSale Aviation Limited	Ireland
AerSale 27043 Aviation Limited	Ireland
AerSale 27469 Aviation Limited	Ireland
AerSale 27910 Aviation Limited	Ireland
AerSale Ireland 1 Limited	Ireland
Gables MSN 26343 Limited	Ireland
Coral Gables 1 Limited	Ireland
Coral Gables 2 Limited	Ireland
Qwest Air Parts, LLC	Florida
Q2 Aviation, LLC	Tennessee
AerSale USA 1 LLC	Delaware
AerSale USA 2 LLC	Delaware
AerSale USA 2 Sub LLC	Delaware

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We have issued our reports dated March 10, 2025, with respect to the consolidated financial statements and internal control over financial reporting included in the Annual Report of AerSale Corporation on Form 10-K for the year ended December 31, 2024. We consent to the incorporation by reference of said reports in the Registration Statements of AerSale Corporation on Forms S-8 (File No. 333-253424 and File No. 333-274663) and Form S-3 (File No. 333-276407 and File No. 333-270323).

/s/ Grant Thornton LLP

Miami, Florida
March 10, 2025

CERTIFICATION

I, Nicolas Finazzo, certify that:

1. I have reviewed this Annual Report on Form 10-K 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 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 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: March 10, 2025

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

CERTIFICATION

I, Martin Garmendia, certify that:

1. I have reviewed this Annual Report on Form 10-K 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 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 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: March 10, 2025

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

