

# avation PLC

## KEY INFORMATION DOCUMENT (KID)

### Warrants over Ordinary Shares in Avation PLC

#### Purpose

This document contains key information relating to this investment product (the "**Product**" or "**Warrants**"). It is not a promotional document. The information is required by law to help you understand the nature, risks, costs, potential gains and losses of this product and to help you compare it with other products.

#### Product

**Name:** Warrants over Ordinary Shares in Avation PLC  
**ISIN:** GB00BNK93641  
**Regulator:** Financial Conduct Authority  
**Investor inquiries:** +65 6252 2077  
**Website:** [www.avation.net](http://www.avation.net)  
**Relevant Date:** This information is accurate as at 11 July 2022

WARNING: You are about to buy a complex product with features that may be difficult to understand.

#### **What is this product?**

##### **Type**

By investing in a Warrant under this document, the investor has the right, but is not obliged, to subscribe for a newly issued ordinary share of £0.01 in the capital of Avation PLC (the "**Issuer**") ("**Ordinary Shares**"), under the terms and conditions outlined in the related Warrant Instrument (the "**Instrument**"), available at [www.avation.net](http://www.avation.net).

The exercise price of a Warrant is 114.5p and the Product has an exercise period to 31 October 2026. After such date the Product will cease to be capable of exercise. The underlying instrument is the Issuer's Ordinary Shares are listed on the Main Market of the London Stock Exchange with ISIN GB00B196F554. The Product's trading value is tied to the value of the Ordinary Shares. During the Product's life, positive and negative changes to the underlying Ordinary Shares will impact the Product value.

The Warrants were issued to bondholders of the Issuer on 16 March 2021 in connection with a restructuring of the Company's bonds. The Warrants were issued pursuant to resolutions passed at the annual general meeting of the Company held on 23 December 2020 and a general meeting of the Company held on 5 March 2021.

#### **Objectives**

The objective of the Product is to give the holder the right to subscribe for Ordinary Shares at an exercise price of 114.5p for each share. The Warrants in issue as at the date of this document are over a maximum of 5,857,408 Ordinary Shares of the Issuer, having the same rights and restrictions as the already issued Ordinary Shares at the effective date of exercising the Warrants. The Issuer may issue more Warrants in due course. The Ordinary Shares subscribed by Warrant holders during will be subject to an application for admission to trading on the Main Market of the London Stock Exchange.

For an investor who purchases a Product, the profit could be equal to the product of the number of Ordinary Shares subscribed for on exercise of the Warrants ("**N**") and the difference between the market price of the Ordinary Shares at the time of exercising the warrants ("**Market value of the Ordinary Shares**") and the Exercise Price, net of the price paid for purchasing the warrants ("**Premium**") and any costs incurred ("**Costs**").

$$\text{Profit} = [N \times (\text{Market value of the Ordinary Shares} - \text{Exercise Price})] - \text{Premium} - \text{Costs}$$

An Investor's loss could be equal to the sum between the price paid for purchasing the Warrants and any costs incurred.

$$\text{Loss} = - \text{Premium} - \text{Costs}$$

#### **Intended Retail Investors**

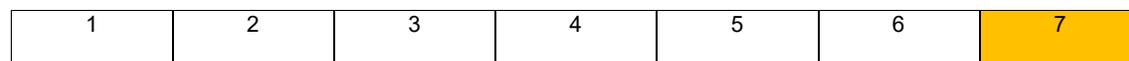
This Product is aimed at retail investors who: (i) have specific knowledge or investment experience in the financial markets, including derivative financial instruments, and the capacity to understand the Product and the related risks

and benefits; (ii) have a timescale consistent with the Product expiry date; (iii) have a very high tolerance to financial risk and are able to lose in full the capital invested to purchase the Product in pursuit of the objective of obtaining potential earnings by way of subscription to the underlying asset, in line with the risk indicator shown in the next section; (iv) understand that the value of the Product may be less than the value of the underlying instrument.

**What are the risks and what is the potential return?**

The summary risk indicator is an indicative indication of the risk level of this Product compared to other products. It expresses the probability of the Product suffering monetary losses due to market movements. We have classified this Product at level 7 of 7, which corresponds to the highest risk class. **This Product does not include any protection against future market performance; therefore you could lose your entire investment or part of it (if the exercise price of Product is less than the value of the Ordinary Shares).**

**Description of the risk-reward profile of Product**



Lower Risk ..... Higher Risk

This product does not include any protection against future market performance; therefore, the investor could lose all or part of their investment.

**Performance scenarios:**

<b>Stress scenario</b>	If the price of the Ordinary Shares is less than 114.5p at maturity, the exercise of the Warrant will be uneconomic and the investor will lose the entire investment
<b>Unfavourable scenario</b>	If the price of the Ordinary Shares is slightly higher than the Exercise Price (for example 115p) the return to the investor will be equal to:  (Warrant Purchase Price – (115p – 114.5p))  This amount could be negative and result in a loss
<b>Base Case</b>	If the price of the Ordinary Shares is slightly higher than the Exercise Price (for example 120p) the return to the investor will be equal to:  (Warrant Purchase Price – (120p – 114.5p))  This amount could be negative and result in a loss
<b>Favourable case</b>	If the price of the Ordinary Shares is higher than the Exercise Price (for example 150p) the return to the investor will be equal to:  (Warrant Purchase Price – (150p – 114.5p))  This amount could be positive and result in a profit

The scenarios presented are an estimate of future performance based on evidence from the past on how the value of the investment varies and are not an exact indicator. What you get will vary depending on how the market performs and how long you keep the investment/product. The stress scenario shows what you might get back in circumstances where the price of an Ordinary Share is less than the exercise price of a Warrant.

**What happens if Avation PLC cannot pay the amount due?**

In the event of the Issuer's insolvency, the market price of an Ordinary Share could be less than the exercise price of a Warrant. This would make it not worth exercising the Warrant and subscribing for the underlying Ordinary Shares as that subscription would occur at a price higher than that of the market. The value of the Warrants may significantly reduce; therefore, you could lose your investment in whole or in part, and suffer a financial loss.

**What are the costs**

The costs of this Product are exclusively linked to the “difference between the price available for purchase and the price available for sale or the fair value of the Product, which can be inferred from the market values (latest offers on the Main Market of the London Stock Exchange), or, if not available, from the comparison with financial instruments having the same characteristics.

The reduction in yield (RIY) expresses the impact of the total costs incurred (other than the implicit exit cost) on the possible yield of the investment. The total costs take account of one-off, ongoing and ancillary costs. The amounts indicated here correspond to the cumulative costs of the Product in three different holding periods (to the expiry date of the Product) and they include, where envisaged, potential early exit penalties. The amounts are based upon the hypothesis that £10,000 is invested. The amounts are estimated and may change in future. Avation plc is not the counterparty of any product transaction and does not charge any fee, penalty, or commission on warrant transactions. Parties acting as investment brokers and consultants may charge costs in connection with the above activities. The costs requested by these parties cannot be controlled or verified by Avation plc. These parties must provide the investor with information about the costs applied and indicate the impact that these costs may have on the potential investment return over time.

Investment of £10,000	Divestment after 1 year	Divest after 2 years	Divestment on 31 October 2026
Total Costs	£0.00	£0.00	£0.00
Reduction in Yield	0.0%	0.0%	0.0%

The table below shows the impact each year of the different types of costs on the investment return you might get at the end of the recommended holding period and the meaning of the different cost categories.

<b>One off costs</b>	<b>Entry costs</b>	N/A	There are no direct entry fees charged by the Company for this product
	<b>Exit costs</b>	N/A	There are no direct entry fees charged by the Company for this product
<b>On-going costs</b>	<b>Portfolio transaction costs</b>	N/A	There are no such costs
	<b>Other ongoing costs</b>	N/A	There are no costs for maintaining the investment until the expiry
<b>Ancillary costs</b>	<b>Performance fees</b>	N/A	There are no performance fees on the performance of the Product
	<b>Carried interest</b>	N/A	There are no overperformance fees on the performance of the Product

#### **How long should I hold it? Can I withdraw the capital upfront?**

No holding period is recommended and there is no minimum holding period requirement, notwithstanding that the final deadline for exercising the Warrants coincides with the expiry date (31 October 2026). The Product will be traded on the Main Market of the London Stock Exchange. Although they will be traded on that market there can be no guarantee that a liquid market for the Warrants will be formed or maintained, and there may therefore be a particularly high liquidity risk, irrespective of the Issuer's performance, as requests to sell may not find adequate and timely counterparts and may be subject to price fluctuations, potentially significant. Therefore, it may not be possible to sell the Product easily before the expiry or it may be possible to sell only at a price that significantly affects the amount collected.

#### **How can I file a complaint?**

If the investor wishes to complain about the Product or the conduct of Avation, as the product issuer, the investor may submit this complaint to the following email address: [investor@avation.net](mailto:investor@avation.net). If the investor wishes to complain about the conduct of the Product distributor or the person who provides advice on investments in the Product, the investor must ask them for the complaint lodging method.

#### **Other relevant information**

For any other information, refer to the Instrument and the other documentation on [www.avation.net](http://www.avation.net) which you should consult before investing. Information contained in this document does not constitute a recommendation to buy or sell the product and does not replace individual consultations with your broker or consultant. The Issuer reserves the right to integrate or modify the Key Information Document to cover any later guidelines released by the Financial Conduct Authority.