

AVATION PLC
(“Avation” or “the Company”)

UNAUDITED RESULTS FOR YEAR ENDED 30 JUNE 2024

Avation PLC (LSE: AVAP), the commercial passenger aircraft leasing company, announces unaudited results for the year ended 30 June 2024.

Financial Highlights

- Revenue for the year was \$92.4 million (2023: \$92.7 million);
- Net asset value per share increased by 5.2% to \$3.62 (2023: \$3.44);
- Fleet assets were \$832.8 million (2023: \$898.6 million) and total assets were \$1,142.3 million (2023: \$1,179.6 million);
- Net indebtedness reduced by 10.9% to \$651.5 million (2023: \$731.2 million);
- Total cash and bank balances were \$117.9 million (2023: \$116.9 million);
- Operating profit of \$83.2 million (2023: \$71.5 million);
- Profit after tax was \$19.7 million (2023: \$12.9 million); and
- Earnings per share were 27.9 cents (2023: 18.5 cents);

Operational Activity

- The Company placed an order for ten ATR 72-600 aircraft for delivery between the fourth quarter of 2025 and the second quarter of 2028;
- An ATR 72-500 and an ATR 72-600 aircraft were sold during the year;
- In December 2023 the Company successfully transitioned an Airbus A320-200 aircraft to a new lessee;
- A previously off lease ATR 72-600 aircraft started a lease with a new airline customer in Papua New Guinea in April 2024;
- Two Airbus A320-200 aircraft, two ATR 72-600 aircraft and an ATR 72-500 aircraft were re-financed with fixed rate long-term loans;
- The Company entered into an agreement to sell two ATR 72-600 aircraft on delivery from the manufacturer scheduled for October 2024 and March 2025; and
- Subsequent to the year-end a lessee exercised purchase options and acquired two ATR 72-600 aircraft from the Company.

Comparative amounts for the year ended 30 June 2023 presented in this results announcement have been restated as explained below under “Change in accounting policy for maintenance reserves”.

Executive Chairman, Jeff Chatfield, said:

“During the year ended 30 June 2024 Avation achieved 100% fleet utilisation for the first time since early 2020. Full utilisation was achieved by arranging a new lease for one aircraft and selling the other remaining off-lease aircraft. Avation’s next lease expiry is due in March 2025 and is for an ATR 72-600 aircraft. There are no further scheduled lease expiries in the 2025 financial year.

Avation has continued to reduced debt and de-lever its balance sheet, achieving a reduction to 57.0% in the ratio of net debt to total assets as at 30 June 2024. A significant portion of the cashflow generated by the fleet is directed towards repayments of debt. Scheduled loan repayments for the 2025 financial year, amount to around US\$49.7 million, which exceeds expected depreciation of the fleet over the same period. The Company is hedged against further interest rate changes on 96.4% of its loans and borrowings.

Avation repurchased US\$18.0 million Avation Capital S.A. 8.25% October 2026 unsecured notes during the year. Following these repurchases there are US\$331.6 million notes outstanding. The Company may pursue additional repurchases or liability management exercises from time to time with the aim of further reducing the outstanding amount of unsecured debt in issue.

Avation plans to grow its business in a prudent and strategic manner. To that end the Company has placed an order for ten new ATR 72-600 aircraft to be delivered gradually over the period from Q4 2025 to Q2 2028. Avation’s management believe that the contract price for this order is favourable compared to forward valuations for the aircraft type. The order was placed by exercising ten of the Company’s purchase rights for new ATR aircraft. On placement of the order Avation was granted an additional six purchase rights and the expiry date for all purchase rights was extended to 2034. Avation now holds 24 purchase rights for new ATR 72 aircraft. All of the ordered aircraft will be equipped with the new PW127-XT engine variant, which the manufacturer expects will be approved for use with sustainable aviation fuel in 2025. ATR is the world’s number one regional aircraft manufacturer and offers the lowest-emissions regional aircraft.

In order to partially fund the predelivery payments due for the ten aircraft order, the Company has agreed to sell two ATR 72-600 aircraft which were ordered previously and are scheduled to be delivered by the manufacturer in October 2024 and March 2025. The sale of these two aircraft is expected to release around US\$10 million.

We are confident that the Company will be able to place the new aircraft ordered for delivery between 2025 and 2028.”

Financial Summary

Comparative amounts as at and for the year ended 30 June 2023 have been restated for a change in accounting policy for maintenance reserves.

US\$ '000s	Year ended 30 June,	
	2024	2023
Revenue	92,397	92,691
Other income	3,575	7,389
	95,972	100,080
Operating profit	83,218	71,463
Profit before tax	30,046	13,830
Profit after tax	19,735	12,944
EPS (basic)	27.85c	18.50c

US\$ '000s	30 June,	
	2024	2023
Fleet assets (1)	832,818	898,616
Total assets	1,142,321	1,179,596
Total cash and bank balances (2)	117,940	116,905
Cash and cash equivalents	23,561	24,816
Net asset value per share (US\$) (3)	US\$3.62	US\$3.44
Net asset value per share (GBP) (4)	£2.85	£2.71

1. Fleet assets are defined as property, plant and equipment plus assets held for sale plus finance lease receivables.
2. Total cash and bank balances as at 30 June 2024 comprise cash and cash equivalents of US\$23.6 million (30 June 2023: US\$24.8 million), investment in fixed deposits of US\$nil (2023: US\$1.2 million) and restricted cash balances of US\$94.4 million (30 June 2023: US\$90.9 million).
3. Net asset value per share is total equity divided by the total number of shares in issue, excluding treasury shares.
4. Based on GBP:USD exchange rate as at 30 June 2024 of 1.27 (30 June 2023:1.27).

Aircraft Fleet

Aircraft Type	30 June 2024	30 June 2023
ATR 72-600	15	16
ATR 72-500	4	5
Airbus A220-300	5	5
Airbus A320-200	2	2
Airbus A321-200	6	6
Airbus A330-300	1	1
Boeing 777-300ER	1	1
Total	34	36

At 30 June 2024, Avation's fleet comprised 34 aircraft, including five aircraft on finance lease. Avation serves 16 customers in 14 countries. The weighted average age of the fleet is 7.3 years (30 June 2023: 6.4 years) and the weighted average remaining lease term is 4.1 years (30 June 2023: 5.0 years).

One ATR 72-500 and one ATR 72-600 aircraft were sold during the period. Turboprop and narrowbody aircraft make up 82% of fleet assets as at 30 June 2024. Fleet assets have decreased 7.3% to US\$832.8 million (30 June 2023: US\$898.6 million) as a result of aircraft sales and depreciation. As at the date of this report, Avation's fleet is fully utilised. Subsequent to the year-end two ATR 72-600 aircraft were sold to the lessee pursuant to the exercise of purchase options.

Avation has orders for twelve new ATR 72-600 aircraft and purchase rights for a further 24 aircraft as at 30 June 2024. The first two ordered aircraft which are scheduled for delivery in October 2024 and March 2025 have been sold to a customer in the Caribbean. The order-book and purchase rights provide a pathway to future fleet growth.

Debt summary

US\$ '000s	30 June,	
	2024	2023
Current loans and borrowings	49,668	61,401
Non-current loans and borrowings	625,426	694,575
Total loans and borrowings	675,094	755,976
Cash and cash equivalents	23,561	24,816
Net indebtedness (1)	651,533	731,160
Net debt to total assets (2)	57.0%	62.0%
Weighted average cost of secured debt (3)	4.8%	4.5%
Weighted average cost of total debt (4)	6.4%	6.1%

1. Net indebtedness is defined as loans and borrowings less unrestricted cash and bank balances.
2. Net debt to assets is defined as net indebtedness divided by total assets.
3. Weighted average cost of secured debt is the weighted average interest rate for secured loans and borrowings at period end.
4. Weighted average cost of total debt is the weighted average interest rate for total loans and borrowings at period end.

During the period net indebtedness was reduced by 10.9% to US\$651.5 million (30 June 2023: US\$731.2 million). Five aircraft were re-financed with long-term fixed rate debt in the year.

The weighted average cost of total debt has increased to 6.4% as at 30 June 2024 (30 June 2023: 6.1%) due to repayments of lower cost secured loans in the period. The weighted average cost of secured debt also increased to 4.8% at 30 June 2024 (30 June 2023: 4.5%).

At the end of the financial period, Avation's net debt to total assets ratio improved to 57.0% (30 June 2023: 62.0%). As at 30 June 2024, 96.4% of total debt was at fixed or hedged interest rates (30 June 2023: 95.8%). The ratio of unsecured debt to total debt was 44.8% (30 June 2023: 40.1%).

Financial Analysis

Revenue

US\$ '000s	Year ended 30 June,	
	2024	2023
Lease rental revenue	87,749	85,936
Less: amortisation of lease incentive assets	(2,721)	(1,368)
	85,028	84,568
Interest income from finance leases	2,018	2,230
Maintenance reserves revenue	5,351	5,893
End of lease compensation revenue	-	-
	92,397	92,691

Lease rental revenue increased by 2.1% to US\$87.7 million in the year ended 30 June 2024 from US\$85.9 million in the year ended 30 June 2023. The increase was principally due to increased utilisation of the fleet in the year ended 30 June 2024.

Interest income from finance leases decreased by 9.5% from US\$2.2 million in the year ended 30 June 2023 to US\$2.0 million in the year ended 30 June 2024. The decrease was principally due to the reduction in finance lease receivables resulting from principal repayments received during the year.

Other income

US\$ '000s	Year ended 30 June,	
	2024	2023
Foreign currency exchange gain	807	3,154
Claim recovery	443	3,137
Fees for late payment	1,828	966
Deposit released	350	-
Others	147	132
	3,575	7,389

Foreign currency exchange gains in the year ended 30 June 2023 arose principally from the release of deferred hedged foreign currency exchange gains on two Euro loans that were refinanced during the period.

Claim recoveries recognised in other income are the balance of distributions paid to creditors of Virgin Australia in excess of amounts allocated to trade receivables.

Administrative expenses

US\$ '000s	Year ended 30 June,	
	2024	2023
Staff costs	5,487	5,587
Other administrative expenses	3,305	3,173
	8,792	8,760

Staff costs reduced by 1.8% from US\$5.6 million in the year ended 30 June 2023 to US\$5.5 million in the year ended 30 June 2024 principally due to lower charges for employee share warrants offsetting higher employee performance payments.

Other administrative expenses increased by 4.2% from US\$3.2 million in the year ended 30 June 2023 to US\$3.3 million in the year ended 30 June 2024 principally due to inflationary increases to audit and accounting costs and general office overheads.

Other operating income and expense items

US\$ '000s	Year ended 30 June,	
	2024	2023
Depreciation	(37,251)	(38,566)
Gain on derecognition of a finance lease	-	2,792
Loss on disposal of aircraft and aircraft engine	(2,915)	(1,000)
Unrealised gain on aircraft purchase rights	46,886	20,540
Unrealised (loss)/gain on equity investment	(490)	7,520
Impairment (loss)/reversal of impairment loss on aircraft	(5,573)	3,287
Aircraft transition expenses	(2,607)	(11,389)
Reversal of/(provision for) expected credit losses	239	(659)
Legal and professional fees	(2,251)	(2,382)

Depreciation reduced by 3.4% from US\$38.6 million to US\$37.3 million due to a reduction in the fleet.

A gain of US\$2.8 million was recognised in the year ended 30 June 2023 on derecognition of a finance lease for an aircraft repossessed from a defaulting airline in Myanmar. The gain represents the positive difference between the outstanding value of the finance lease receivable and the broker valuation of the aircraft's market value at the date of termination of the lease.

Aviation terminated a lease of an ATR 72-500 aircraft to an Indian airline in the year ended 30 June 2024. The aircraft was repossessed from the airline and subsequently sold, generating a loss on sale of US\$2.9 million.

The Company's 24 aircraft purchase rights were revalued at 30 June 2024 using a Black-Scholes option pricing model. The principal factors leading to the recognition of a gain of US\$46.9 million (2023: US\$ 20.5 million) were increases in the appraised value of the ATR 72-600 aircraft and an agreed extension of the expiry dates for the purchase rights to 2034.

The Company recorded an unrealised loss of US\$0.5 million on its holding of shares in Philippine Airlines, Inc. (2023: gain of US\$7.5 million). The Company received these shares as part of the settlement awarded to creditors in the bankruptcy restructuring of the airline in December 2021.

Aircraft transition expenses of US\$2.6 million (2023: US\$11.4 million) represent repairs and maintenance expenditure on aircraft repossessed following airline defaults resulting from the COVID-19 pandemic and expenditure incurred in the transition of an A320-200 aircraft during the year. The Company expects transition expenses to remain low in future periods as all aircraft in the fleet are currently on lease.

The net reversal of expected credit losses of US\$0.2 million (2023: US\$0.7 million expense) primarily relate to reduced rent arrears and amounts due under a payment plan agreement loan granted to an airline in South-East Asia. During the year ended 30 June 2024 the airline has reduced its total arrears and loan balance by US\$19.0 million.

Legal and professional fees reduced by 5.5% from US\$2.4 million in the year ended 30 June 2023 to US\$2.3 million in the year ended 30 June 2024 due to reduced transaction activity.

Finance income

US\$ '000s	Year ended 30 June,	
	2024	2023
Interest income	6,009	3,129
Fair value gain on financial derivatives	-	1
Finance income from discounting non-current deposits to fair value	652	611
Gain on repurchase of unsecured notes	675	508
Gain on early full repayment of borrowings	2,507	1,657
	9,843	5,906

Interest income increased in the year ended 30 June 2024 as excess cash was transferred into term deposit accounts to take advantage of favourable deposit interest rates.

Interest income includes US\$0.7 million (2023: US\$1.2 million) interest on payment plan agreement loans granted to a customer.

Avation generated a gain of US\$0.7 million (2023: US\$0.5 million) on the repurchase of US\$18.0 million of Avation Capital S.A. 8.25%/9.0% unsecured notes at a discount during the year.

Gains on early repayment of borrowings of US\$2.5 million (2023: US\$ 1.7 million) arose on termination of interest rate swaps when five aircraft loans were refinanced and three aircraft loans were repaid in full. As at the date of this announcement the company has five unencumbered aircraft.

Finance expenses

US\$ '000s	Year ended 30 June,	
	2024	2023
Interest expense on secured borrowings	20,047	21,170
Interest expense on unsecured notes	29,321	30,976
Interest expense on borrowings from related parties	-	271
Amortisation of loan transaction costs	1,571	1,057
Amortisation of IFRS 9 gain on debt modification	10,709	8,711
Fair value loss on financial derivatives	405	577
Amortisation of interest expense on non-current borrowings	635	571
Others	327	206
	63,015	63,539

Interest expense on secured borrowings reduced by 5.3% to US\$20.0 million in the year ended 30 June 2024 from US\$21.2 million in the year ended 30 June 2023 as a result of net repayments of secured loans. Secured borrowings have been paid down by US\$79.7 million from US\$452.5 million at 30 June 2023 to US\$372.8 million at 30 June 2024.

Interest expense on unsecured notes includes US\$4.3 million (2023: US\$8.6 million) of non-cash interest paid in kind by increasing the face value of Avation Capital S.A. 8.25%/9.0% unsecured notes.

Amortisation of IFRS 9 gain on debt modification of US\$10.7 million (2023: US\$ 8.7 million) represents the non-cash accretion in the book value of Avation Capital S.A. 8.25%/9.0% unsecured notes resulting from the accounting treatment of the extension and changes to the terms of the notes agreed with noteholders in March 2021. The extension was accounted for as a substantial modification of a debt instrument in accordance with IFRS 9. The face value of Avation Capital S.A. 8.25%/9.0% unsecured notes outstanding as of 30 June 2024 is US\$331.6 million.

Change in accounting policy for maintenance reserves

With effect from 1 July 2023, the Group changed its accounting policy for maintenance reserves. Under the previous accounting policy, the Group recognised any surplus or shortfall identified in maintenance reserve liabilities for an aircraft as compared to the expected future reimbursement obligations to a lessee in profit or loss at the end of lease or on sale of an aircraft.

Under the new accounting policy, the Group will recognise maintenance reserves as revenue over the term of a lease, to the extent that collected maintenance reserves are not expected to be reimbursed to the lessee.

The Group will recognise maintenance revenue once the balance the Group projects will be reimbursed to the lessee over the lease term has been collected. The policy is applied on a component-by-component basis for aircraft where the Group collects cash maintenance reserves.

The Company projects it will collect a surplus of approximately US\$163.4m (unaudited) cash maintenance reserves in excess of maintenance reimbursements during the current lease terms.

The Group believes that the new accounting policy which provides for a timely release of maintenance reserves to profit or loss over the lease term will ensure that financial statements reflect the Group's financial performance more accurately. This change in accounting policy has been applied retrospectively.

Summary of quantitative impact

The following tables summarise the material impacts on the consolidated statement of profit or loss, consolidated statement of comprehensive income and consolidated statement of financial position resulting from the change in accounting policy.

US\$ '000s	Year ended 30 June 2023		
	Previously reported	Adjustments	Restated
Total income	99,250	830	100,080
Taxation	(808)	(78)	(886)
Profit from continuing operations	12,192	752	12,944
Profit attributable to:			
Shareholders of Avation PLC	12,191	752	12,943
Non-controlling interest	1	-	1
	<u>12,192</u>	<u>752</u>	<u>12,944</u>
Earnings per share:			
Basic earnings per share (US cents)	<i>17.43 cents</i>		<i>18.50 cents</i>
Diluted earnings per share (US cents)	<i>17.38 cents</i>		<i>18.46 cents</i>
Total comprehensive income for the year	11,636		12,388
Total comprehensive income attributable to:			
Shareholders of Avation PLC	11,635	752	12,387
Non-controlling interest	1	-	1
	<u>11,636</u>	<u>752</u>	<u>12,388</u>

US\$ '000s	As at 1 July 2022		
	Previously reported	Adjustments	Restated
Maintenance reserves, non-current	75,131	(1,377)	73,754
Deferred tax liabilities	25,437	176	25,613
Liabilities associated with assets held for sale	15,146	(347)	14,799
Retained earnings	<u>84,519</u>	<u>1,548</u>	<u>86,067</u>

US\$ '000s	As at 30 June 2023		
	Previously reported	Adjustments	Restated
Maintenance reserves, non-current	54,587	(2,554)	52,033
Deferred tax liabilities	26,440	254	26,694
Retained earnings	<u>88,995</u>	<u>2,300</u>	<u>91,295</u>

Interim Management Statement

The market for air travel has continued to perform strongly with IATA reporting record passenger volumes in their latest air passenger market analysis report. Industry RPKs grew 8.0% in the year to July 2024 led by international travel with 10.1% growth followed by domestic travel with 4.8% growth.

Growth in passenger volumes was recorded in all regions in the year to July 2024.

Aviation has recently focussed on transitioning or disposing of unutilised aircraft, maintaining liquidity, managing costs and reducing leverage. The Company recently sold one of its last two remaining unutilised aircraft and leased the other to a new customer airline. As a result, the Company's fleet is now fully utilised for the first time since early in 2020.

The Company's focus will now shift towards growing the fleet and identifying opportunities to place the ten new ATR aircraft recently ordered by exercising purchase rights.

Aviation aims to gradually transition to a more sustainable, lower CO2 emissions aircraft fleet. Aircraft delivered from Aviation's orderbook and exercised purchase rights will be fitted with the new Pratt and Whitney Canada PW127XT engine. The PW127XT engine promises 20% lower maintenance costs, extended time on wing, 3% lower fuel consumption and 5% more power compared with the current engine variant. The manufacturer expects that the PW127XT engine will be certified to operate with sustainable aviation fuel ("SAF")* from 2025. Net emissions of CO2 are expected to be reduced when using SAF.

We also anticipate gradually trading out of older aircraft types and focussing on aircraft types such as the Airbus NEO and A220 series in addition to ATR turboprop aircraft. The Company's portfolio already includes a significant proportion of Airbus A220 and ATR 72 aircraft.

**Sustainable aviation fuel or SAF is the main term used by the aviation industry (including IATA and the International Civil Aviation Organization) to describe a non-conventional (non-fossil derived) aviation fuel. SAF is the preferred IATA term for this type of fuel although when other terms such as sustainable alternative fuel, sustainable alternative jet fuel, renewable jet fuel or biojet fuel are used, in general, the same intent is meant.*

Market Positioning

Aviation's long-term strategy is to target growth and diversification by adding new airline customers, while maintaining a low average aircraft age and long remaining lease term metrics. Aviation focuses on new and relatively new commercial passenger aircraft on long-term leases. In the short term the Company is considering further growth in its narrow body fleet.

Aviation supports the transition of the aircraft industry towards aircraft capable of using SAF to produce lower CO2 emissions on a net basis. Reducing CO2 emissions is key to providing a sustainable future for the global aviation industry and in addressing climate-change risks.

The Company's business model involves rigorous investment criteria that seeks to mitigate the risks associated with the aircraft leasing sector. Aviation will typically sell mid-life and older aircraft and redeploy capital to newer assets. This approach is intended to mitigate technology change risk, operational and financial risk, support sustained growth and deliver long-term shareholder value.

Aviation will consider the acquisition or sale of individual or smaller portfolios of aircraft, based on prevailing market opportunities and consideration of risk and revenue concentrations.

Funding for aircraft acquisitions is traditionally sourced from capital markets, asset-backed lending, operational cash flows and disposals of aircraft. The ability to access acceptably priced funding is a key profit driver in aircraft leasing.

Principal risks factors facing the aircraft leasing industry include, but are not limited to, exposure to the airline industry and the risk of deterioration in the financial condition of airline customers, asset value risk driven by changing patterns of supply and demand and technological change, operational risks including risks resulting from war, acts of extremism and natural disasters, regulatory risks from changes to government regulations and tax laws and climate-change risks.

The Directors may seek to repurchase ordinary shares in the Company from time to time subject to the terms of a share buy-back mandate which expires at the conclusion of the next Annual General Meeting.

Results Conference Call

Avation's senior management team will host an investor update call on 26 September 2024, at 1:00 pm BST (UK) / 8:00 am EST (US) / 8:00 pm SGT (Singapore), to discuss the Company's financial results. Investors can participate in the call by using the following link:

<https://www.investormeetcompany.com/avation-plc/register-investor>

A replay of the broadcast will be made available on the Investor Relations page of the Avation PLC website.

Forward Looking Statements

This release contains certain "forward looking statements". Forward looking statements may be identified by words such as "expects," "intends," "initiate", "anticipates," "plans," "believes," "seeks," "estimates," "will," or words of similar meaning and include, but are not limited to, statements regarding the outlook for Avation's future business and financial performance. Forward looking statements are based on management's current expectations and assumptions, which are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict. Actual outcomes and results may differ materially due to global political, economic, business, competitive, market, regulatory and other factors and risks. Further information on the factors and risks that may affect Avation's business is included in Avation's regulatory announcements from time to time, including its Annual Report, Full Year Financial Results and Half Year Results announcements. Avation expressly disclaims any obligation to update or revise any of these forward-looking statements, whether because of future events, new information, a change in its views or expectations, or otherwise.

Basis of presentation

This announcement covers the unaudited results of Avation PLC for the year ended 30 June 2024.

Financial information presented in this announcement is being published for the purposes of providing preliminary Group financial results for the year ended 30 June 2024. The financial information in this preliminary announcement is not audited and does not constitute statutory financial statements of Avation PLC within the meaning of section 434 of the Companies Act 2006. The Board of Directors approved this financial information on [25 September 2024]. Avation PLC's most recent statutory financial statements for the purposes of Chapter 7 of Part 15 of the Companies Act 2006 for the year ended 30 June 2023, upon which the auditors have given an unqualified audit, were published on 26 October 2023 and have been annexed to the annual return and delivered to the Registrar of Companies.

All "US\$" amounts in this release are US Dollar amounts unless stated otherwise. Certain comparative amounts have been reclassified to conform with the current year presentation.

-ENDS-

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Avation welcomes shareholder questions and comments and advises the email address is: investor@avation.net

More information on Avation is available at www.avation.net.

AVATION PLC

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 30 JUNE 2024

	2024 US\$'000s	2023 (Restated) US\$'000s
Continuing operations		
Revenue	92,397	92,691
Other income	3,575	7,389
	<u>95,972</u>	<u>100,080</u>
Depreciation	(37,251)	(38,566)
Gain on derecognition of finance lease	-	2,792
Loss on disposal of aircraft	(2,915)	(1,000)
Unrealised gain on aircraft purchase rights and deposits paid for aircraft	46,886	20,540
Unrealised (loss)/gain on equity investments	(490)	7,520
Impairment (loss)/reversal of impairment loss on aircraft	(5,573)	3,287
Aircraft transition expenses	(2,607)	(11,389)
Reversal of/(provision for) expected credit losses	239	(659)
Administrative expenses	(8,792)	(8,760)
Legal and professional fees	(2,251)	(2,382)
	<u>83,218</u>	<u>71,463</u>
Operating profit	83,218	71,463
Finance income	9,843	5,906
Finance expenses	(63,015)	(63,539)
Profit before taxation	<u>30,046</u>	<u>13,830</u>
Taxation	(10,311)	(886)
Profit from continuing operations	<u>19,735</u>	<u>12,944</u>
Profit attributable to:		
Shareholders of Avation PLC	19,735	12,943
Non-controlling interests	-	1
	<u>19,735</u>	<u>12,944</u>
Earnings per share for profit attributable to shareholders of Avation PLC		
<i>Basic earnings per share (US cents)</i>	27.85	18.50
<i>Diluted earnings per share (US cents)</i>	<u>27.71</u>	<u>18.46</u>

AVATION PLC

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2024

	2024 US\$'000s	2023 (Restated) US\$'000s
Profit from continuing operations	19,735	12,944
Other comprehensive income:		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Net (loss)/gain on cash flow hedge, net of tax	(4,568)	410
	(4,568)	410
<i>Items that may not be reclassified subsequently to profit or loss:</i>		
Revaluation loss on property, plant and equipment, net of tax	(3,421)	(966)
Other comprehensive income, net of tax	(7,989)	(556)
Total comprehensive income for the year	11,746	12,388
Total comprehensive income attributable to:		
Shareholders of Avation PLC	11,746	12,387
Non-controlling interests	-	1
	11,746	12,388

AVATION PLC

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 30 JUNE 2024

	30 June 2024	30 June 2023 (Restated)	1 July 2022 (Restated)
	US\$'000s	US\$'000s	US\$'000s
ASSETS			
Non-current assets			
Property, plant and equipment	791,420	845,471	813,908
Finance lease receivables	12,754	41,213	55,208
Trade and other receivables	939	6,119	11,639
Deposits paid for aircraft	21,813	8,139	7,749
Derivative financial assets	8,096	13,442	5,920
Aircraft purchase rights	112,780	85,820	65,280
Lease incentive assets	7,756	4,686	310
Goodwill	1,902	1,902	1,902
	<u>957,460</u>	<u>1,006,792</u>	<u>961,916</u>
Current assets			
Finance lease receivables	28,644	3,932	5,624
Trade and other receivables	15,876	31,035	13,202
Deposits paid for aircraft	8,520	-	-
Derivative financial assets	-	54	-
Investment in equity, fair value through profit or loss	10,745	11,235	3,715
Lease incentive assets	3,136	1,643	137
Restricted cash	94,379	90,864	83,904
Investment in fixed term deposits	-	1,225	-
Cash and cash equivalents	23,561	24,816	35,267
	<u>184,861</u>	<u>164,804</u>	<u>141,849</u>
Assets held for sale	-	8,000	113,255
	<u>184,861</u>	<u>172,804</u>	<u>255,104</u>
Total assets	<u>1,142,321</u>	<u>1,179,596</u>	<u>1,217,020</u>

AVATION PLC

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 30 JUNE 2024

	30 June 2024	30 June 2023 (Restated)	1 July 2022 (Restated)
	US\$'000s	US\$'000s	US\$'000s
EQUITY AND LIABILITIES			
Equity			
Share capital	1,182	1,182	1,203
Share premium	70,120	70,024	67,681
Treasury shares	-	-	(7,811)
Merger reserve	6,715	6,715	6,715
Asset revaluation reserve	47,343	50,764	51,730
Capital reserve	8,876	8,876	8,876
Other reserves	11,210	15,069	14,174
Retained earnings	110,944	91,295	86,067
Equity attributable to shareholders of Avation PLC	256,390	243,925	228,635
Non-controlling interests	7	7	6
Total equity	256,397	243,932	228,641
Non-current liabilities			
Loans and borrowings	625,426	694,575	764,230
Trade and other payables	18,487	20,185	18,274
Derivative financial liabilities	2,037	1,632	1,055
Maintenance reserves	73,270	52,033	73,754
Deferred tax liabilities	34,047	26,694	25,613
	753,267	795,119	882,926
Current liabilities			
Loans and borrowings	49,668	61,401	63,900
Trade and other payables	18,920	17,167	15,940
Maintenance reserves	62,153	61,456	10,156
Income tax payable	1,916	521	658
	132,657	140,545	90,654
Liabilities directly associated with assets held for sale	-	-	14,799
	132,657	140,545	105,453
Total equity and liabilities	1,142,321	1,179,596	1,217,020

AVATION PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2024

	Attributable to shareholders of Avation PLC								Non-controlling interest	Total equity	
	Share capital	Share premium	Treasury Shares	Merger reserve	Asset revaluation reserve	Capital reserve	Other reserves	Retained earnings			Total
	US\$'000s	US\$'000s	US\$'000s	US\$'000s	US\$'000s	US\$'000s	US\$'000s	US\$'000s			US\$'000s
Balance at 1 July 2023 as previously reported	1,182	70,024	-	6,715	50,764	8,876	15,069	88,995	241,625	7	241,632
Effects of changes in accounting policies	-	-	-	-	-	-	-	2,300	2,300	-	2,300
Balance at 1 July 2023 as restated	1,182	70,024	-	6,715	50,764	8,876	15,069	91,295	243,925	7	243,932
Profit for the year	-	-	-	-	-	-	-	19,735	19,735	-	19,735
Other comprehensive income	-	-	-	-	(3,421)	-	(4,568)	-	(7,989)	-	(7,989)
<i>Total comprehensive income</i>	-	-	-	-	(3,421)	-	(4,568)	19,735	11,746	-	11,746
Issue of shares	1	96	-	-	-	-	(18)	-	79	-	79
Purchase of treasury shares	-	-	(95)	-	-	-	-	-	(95)	-	(95)
Cancellation of treasury shares	(1)	-	95	-	-	-	1	(95)	-	-	-
Share warrant expense	-	-	-	-	-	-	735	-	735	-	735
<i>Total transactions with owners recognised directly in equity</i>	-	96	-	-	-	-	718	(95)	719	-	719
Expiry of share warrants	-	-	-	-	-	-	(9)	9	-	-	-
<i>Total others</i>	-	-	-	-	-	-	(9)	9	-	-	-
Balance at 30 June 2024	1,182	70,120	-	6,715	47,343	8,876	11,210	110,944	256,390	7	256,397

Capital reserve comprises acquisitions with non-controlling interests that do not result in a change of control.

Other reserves consists of capital redemption reserve, share warrant reserve, fair value reserve and foreign currency hedge reserve.

The merger reserve arose on acquisition of additional shares of the Company's subsidiary Capital Lease Aviation Limited through the allotment of ordinary shares in the year ended 30 June 2015. The merger reserve represents the difference between the fair value and the nominal value of the shares issued by the Company.

AVATION PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2023

	Attributable to shareholders of Avation PLC								Non-controlling interest US\$'000s	Total equity US\$'000s	
	Share capital US\$'000s	Share premium US\$'000s	Treasury Shares US\$'000s	Merger reserve US\$'000s	Asset revaluation reserve US\$'000s	Capital reserve US\$'000s	Other reserves US\$'000s	Retained earnings US\$'000s			Total US\$'000s
Balance at 1 July 2022 as previously reported	1,203	67,681	(7,811)	6,715	51,730	8,876	14,174	84,519	227,087	6	227,093
Effects of changes in accounting policies	-	-	-	-	-	-	-	1,548	1,548	-	1,548
Balance at 1 July 2022 as restated	1,203	67,681	(7,811)	6,715	51,730	8,876	14,174	86,067	228,635	6	228,641
Profit for the year	-	-	-	-	-	-	-	12,943	12,943	1	12,944
Other comprehensive income	-	-	-	-	(966)	-	410	-	(556)	-	(556)
<i>Total comprehensive income</i>	-	-	-	-	(966)	-	410	12,943	12,387	1	12,388
Issue of shares	18	2,343	-	-	-	-	(506)	-	1,855	-	1,855
Purchase of treasury shares	-	-	(94)	-	-	-	-	-	(94)	-	(94)
Cancellation of treasury shares	(39)	-	7,905	-	-	-	39	(7,905)	-	-	-
Share warrant expense	-	-	-	-	-	-	1,142	-	1,142	-	1,142
<i>Total transactions with owners recognised directly in equity</i>	<i>(21)</i>	<i>2,343</i>	<i>7,811</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>675</i>	<i>(7,905)</i>	<i>2,903</i>	<i>-</i>	<i>2,903</i>
Expiry of share warrants	-	-	-	-	-	-	(190)	190	-	-	-
<i>Total others</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>(190)</i>	<i>190</i>	<i>-</i>	<i>-</i>	<i>-</i>
Balance at 30 June 2023	1,182	70,024	-	6,715	50,764	8,876	15,069	91,295	243,925	7	243,932

AVATION PLC

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2024

	2024 US\$'000s	2023 (restated) US\$'000s
Cash flows from operating activities:		
Profit before income tax	30,046	13,830
Adjustments for:		
Amortisation of lease incentive asset	2,721	1,368
Depreciation expense	37,251	38,566
Depreciation of right-of-use assets	278	233
(Reversal of)/ provision for expected credit losses	(239)	659
Finance income	(9,843)	(5,906)
Finance expense	63,015	63,539
Gain on derecognition of finance lease	-	(2,792)
Loss on disposal of aircraft and aircraft engine	2,915	1,000
Interest income from finance leases	(2,018)	(2,230)
Impairment loss/(reversal of) on aircraft	5,573	(3,287)
Maintenance reserves revenue	(5,351)	(830)
Share warrants expense	735	1,142
Foreign currency exchange loss/(gain)	(946)	(3,107)
Unrealised gain on aircraft purchase rights and deposits paid for aircraft	(46,886)	(20,540)
Unrealised loss/(gain) on equity investments	490	(7,520)
Operating cash flows before working capital changes	77,741	74,125
Movement in working capital:		
Trade and other receivables and finance lease receivables	23,919	(2,906)
Deposits paid for aircraft	(2,268)	(390)
Trade and other payables	325	2,042
Maintenance reserves	20,583	15,503
Cash from operations	120,300	88,374
Finance income received	7,909	4,713
Finance expense paid	(45,724)	(44,091)
Income tax paid	(916)	(610)
Net cash from operating activities	81,569	48,386
Cash flows from investing activities:		
Investment in fixed term deposits	1,225	(1,225)
Purchase of property, plant and equipment	(5)	(6)
Proceeds from disposal of aircraft	11,989	39,750
Net cash from investing activities	13,209	38,519
Cash flows from financing activities:		
Net proceeds from issuance of ordinary shares	79	1,855
Purchase of treasury shares	(95)	(94)
Increase of restricted cash balances	(3,515)	(6,960)
Proceeds from loans and borrowings, net of transactions costs	29,098	42,958
Repayment of loans and borrowings	(121,600)	(135,115)
Net cash used in financing activities	(96,033)	(97,356)
Net decrease in cash and cash equivalents	(1,255)	(10,451)
Cash and cash equivalents at beginning of year	24,816	35,267
Cash and cash equivalents at end of year	23,561	24,816