

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

UNAUDITED RESULTS FOR THE YEAR ENDED 30 JUNE 2023

Avation PLC (LSE: AVAP), the commercial passenger aircraft leasing company, announces unaudited results for the year ended 30 June 2023.

Financial Highlights

- Revenue and other income for the year was \$99.3 million, fleet assets were \$898.6 million and total assets were \$1,179.6 million;
- Net indebtedness reduced by 7.8% to \$731.2 million (2022: \$792.9 million);
- Total cash and bank balances of \$116.9 million (2022: \$119.2 million);
- Operating profit of \$70.6 million (2022: \$90.2 million);
- Profit after tax of \$12.2 million (2022: \$17.1 million);
- Earnings per share of 17.4 cents (2022: 24.7 cents); and
- South-East Asian airline reduces arrears by \$5.1 million since 30 June 2023.

Operational Activity

- Two ATR 72-600 turboprop aircraft and a Boeing 737-800 aircraft were sold during the year;
- One ATR 72-600 aircraft was repossessed from an airline in Myanmar and subsequently commenced a new lease with an airline in Tahiti;
- One off-lease ATR 72-500 started a lease with a new airline customer in Nepal;
- Avation received a creditors distribution of \$3.4 million from Virgin Australia;
- Two Airbus A220-300 aircraft were re-financed with fixed rate long-term loans, reducing Avation’s exposure to interest rate changes;
- The Company entered into an agreement to sell an eleven-year-old off-lease ATR 72-600; and
- The Company entered into a lease agreement for a second eleven-year-old off-lease ATR 72-600 which is expected to commence in November 2023.

Executive Chairman, Jeff Chatfield, said:

“During the year ended 30 June 2023 Avation reduced the number of off-lease aircraft in the fleet from six to two by transitioning or selling off-lease aircraft. Avation has agreed to sell or lease both remaining off-lease aircraft and on completion of these transactions will have a fully utilised fleet.

Avation has continued to de-lever its balance sheet, achieving a reduction to 62.0% in the ratio of net debt to total assets as at 30 June 2023. A significant portion of the cashflow generated by the fleet is directed towards repayments of debt. Scheduled loan repayments for the 2024

financial year, amounting to around US\$62 million, exceed expected depreciation of the fleet over the same period. The Company is hedged against further interest rate changes on 95.8% of its loans and borrowings.

A bond repurchase tender was concluded in February, resulting in the repurchase and retirement of US\$7.1m of Avation Capital S.A. 8.25%/9.0% unsecured notes. The Company may pursue other liability management exercises from time to time with the aim of further reducing the cost and/or outstanding amount of unsecured debt in issue.

After the recovery from the COVID-19 pandemic, Avation plans to re-grow its business in a prudent and sensible manner. We will target organic growth, which includes leasing the two ATR aircraft we have on order for delivery in 2024. We have paid all pre-delivery payments for the two ordered aircraft and believe that the balance due on delivery can be funded with senior secured debt. Avation has a significant purchase rights position on a stream of new ATR 72 aircraft. The manufacturer expects that, with a new engine variant, these aircraft will be approved for use with sustainable aviation fuel in 2025. The Company believes that the ATR 72 aircraft is the most sustainable commercial aircraft type currently available.

The Company has significantly lowered overheads by reducing headcount and actively managing legal expenses and other expenditure.

Few aircraft were built during the COVID-19 pandemic so lessors that own them have seen positive developments in valuations. As a result, Avation has been able to reverse around US\$3.3 million of previously recognised impairment charges and has seen a positive impact on the valuation of our 28 purchase rights for ATR aircraft.

We are reasonably confident that the Company will be able to arrange leases for the two new aircraft ordered for delivery in 2024.”

Financial Summary

US\$ '000s	Year ended 30 June,	
	2023	2022
Revenue	91,861	112,232
Other income	7,389	4,152
	99,250	116,384
Operating profit	70,633	90,184
Profit before tax	13,000	22,502
Profit after tax	12,192	17,127
EPS (basic)	17.43c	24.65c
US\$ '000s	30 June,	
	2023	2022
Fleet assets (1)	898,616	987,995
Total assets	1,179,596	1,217,020
Cash and bank balances (2)	116,905	119,171
Unrestricted cash and cash equivalents	24,816	35,267
Net asset value per share (US\$) (3)	US\$3.41	US\$3.27
Net asset value per share (GBP) (4)	£2.69	£2.68

1. Fleet assets are defined as property, plant and equipment plus assets held for sale plus finance lease receivables.
2. Cash and bank balances as at 30 June 2023 comprise cash and cash equivalents of US\$24.8 million (30 June 2022: US\$35.3 million), investment in fixed deposits of US\$1.2 million (2022: nil) and restricted cash balances of US\$90.9 million (30 June 2022: US\$83.9 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 2023 of 1.27 (30 June 2022:1.22).

Aircraft Fleet

Aircraft Type	30 June 2023	30 June 2022
ATR 72-600	16	18
ATR 72-500	5	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
Boeing 737-800NG	-	1
Total	36	39

At 30 June 2023, Avation's fleet comprised 36 aircraft, including five aircraft on finance lease. Avation serves 17 customers in 14 countries. The weighted average age of the fleet is 6.4 years (30 June 2022: 5.6 years) and the weighted average remaining lease term is 5.0 years (30 June 2022: 5.7 years).

Two ATR 72-600 and one Boeing 737-800 aircraft were sold during the period. Turboprop and narrowbody aircraft make up 82% of fleet assets as at 30 June 2023. Fleet assets have decreased 9.0% to US\$898.6 million (30 June 2022: US\$988.0 million) as a result of aircraft sales and depreciation. As at the date of this report, Avation has two off-lease aircraft. One of these aircraft is expected to commence a new lease in November 2023 and the remaining aircraft is subject to an agreed sale which is expected to complete shortly.

Avation has orders for two new ATR 72-600 aircraft and purchase rights for a further 28 aircraft as at 30 June 2023. The order-book and purchase rights provide a pathway to organic fleet growth.

Debt summary

US\$ '000s	30 June,	
	2023	2022
Current loans and borrowings	61,401	63,900
Non-current loans and borrowings	694,575	764,230
Total loans and borrowings	755,976	828,130
Unrestricted cash and bank balances	24,816	35,267
Net indebtedness (1)	731,160	792,863
Net debt to total assets (2)	62.0%	65.1%
Weighted average cost of secured debt (3)	4.5%	4.0%
Weighted average cost of total debt (4)	6.1%	5.7%

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 7.8% to US\$731.2 million (30 June 2022: US\$792.9 million). Two aircraft previously financed under the Group's floating rate warehouse loan facility were re-financed with long-term fixed rate debt, reducing exposure to changes in interest rates.

The weighted average cost of total debt has increased to 6.1% as at 30 June 2023 (30 June 2022: 5.7%) due to repayments of lower cost secured loans in the period. The weighted average cost of secured debt also increased to 4.5% at 30 June 2023 (30 June 2022: 4.0%).

At the end of the financial period, Avation's net debt to total assets ratio improved to 62.0% (30 June 2022: 65.1%). As at 30 June 2023, 95.8% of total debt was at fixed or hedged interest

rates (30 June 2022: 90.0%). The ratio of unsecured debt to total debt was 40.1% (30 June 2022: 35.8%).

Financial Analysis

Revenue

US\$ '000s	Year ended 30 June,	
	2023	2022
Lease rental revenue	85,936	93,352
Less: amortisation of lease incentive assets	(1,368)	(1,383)
	84,568	91,969
Interest income from finance leases	2,230	2,918
Maintenance reserves revenue	5,063	13,207
End of lease compensation revenue	-	4,138
	91,861	112,232

Lease rental revenue decreased by 7.9% from US\$93.4 million in the year ended 30 June 2022 to US\$85.9 million in the year ended 30 June 2023. The decrease was principally due to the reduction in the number of aircraft in the fleet from 39 at 30 June 2022 to 36 at 30 June 2023.

Interest income from finance leases decreased by 23.6% from US\$2.9 million in the year ended 30 June 2022 to US\$2.2 million in the year ended 30 June 2023. The decrease was principally due to the reduction in the number of aircraft leased on finance leases from 6 at 30 June 2022 to 5 at 30 June 2023.

Other income

US\$ '000s	Year ended 30 June,	
	2023	2022
Foreign currency exchange gain	3,154	1,018
Claim recovery	3,137	-
Fees for late payment	966	1,940
Aircraft late delivery compensation	-	540
Deposit released	-	200
Others	132	454
	7,389	4,152

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.

The claim recovery recognised in other income is the balance of a distribution paid to creditors of Virgin Australia in excess of amounts allocated to trade receivables.

Administrative expenses

US\$ '000s	Year ended 30 June,	
	2023	2022
Staff costs	5,587	6,771
Other administrative expenses	3,173	2,694
	8,760	9,465

Staff costs reduced by 17.5% from US\$6.8 million in the year ended 30 June 2022 to US\$5.6 million in the year ended 30 June 2023 principally due to a reduced average headcount, lower bonus payments and lower charges for employee share warrants.

Other administrative expenses increased by 17.8% from US\$2.7 million in the year ended 30 June 2022 to US\$3.2 million in the year ended 30 June 2023 principally due to increased marketing related travel expenses.

Other operating income and expense items

US\$ '000s	Year ended 30 June,	
	2023	2022
Depreciation	(38,566)	(39,304)
Gain on derecognition of a finance lease	2,792	-
Loss on disposal of aircraft and aircraft engine	(1,000)	(2,396)
Unrealised gain on aircraft purchase rights	20,540	38,320
Unrealised gain on equity investment	7,520	-
Reversal of/impairment (loss) on aircraft	3,287	(6,158)
Aircraft transition expenses	(11,389)	(5,479)
Expected credit losses	(659)	1,980
Legal and professional fees	(2,382)	(3,698)

Depreciation reduced by 1.9% from US\$39.3 million to US\$38.6 million due to a reduction in the fleet.

A gain of US\$2.8 million was recognised 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.

A loss of US\$1.0 million was recognised on the sale of two ATR 72-600 aircraft during the year. A loss of US\$ 2.4 million was recognised in the year ended 30 June 2022 on the sales of an Airbus A220-300, an Airbus A321-200, three ATR 72-600 aircraft and an engine.

The Company's 28 aircraft purchase rights were revalued at 30 June 2023 using a Black-Scholes option pricing model. The principal factors leading to the recognition of a gain of US\$20.5 million (2022: US\$ 38.2 million) were increases in the appraised value of the ATR 72-600 aircraft and increases in risk-free interest rates.

The Company recorded an unrealised gain of US\$7.5 million on its holding of shares in Philippine Airlines, Inc. 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\$11.4 million (2022: US\$5.5 million) represent repairs and maintenance expenditure on aircraft repossessed following airline defaults resulting from the COVID-19 pandemic. The Company expects transition expenses to be substantially reduced in future periods as most aircraft which were repossessed as a result of the COVID-19 pandemic have now been transitioned to new lessees or sold.

Expected credit losses of US\$0.7 million primarily relate to rent arrears and a payment plan agreement loan granted to an airline in South-East Asia. In a trading update issued on 6 July 2023 the Company advised that it was reviewing its provisions against trade receivables. Between 30 June 2023 and the date of this report the airline has reduced its total arrears and loan balance by US\$5.1 million.

Legal and professional fees reduced by 35.6% from US\$3.7 million in the year ended 30 June 2022 to US\$ 2.4 million in the year ended 30 June 2023 due to a reduction in transaction activity.

Finance income

US\$ '000s	Year ended 30 June,	
	2023	2022
Interest income	3,129	281
Fair value gain on financial derivatives	1	2,492
Finance income from discounting non-current deposits to fair value	611	571
Gain on repurchase of unsecured notes	508	-
Gain on early full repayment of borrowings	1,657	-
	5,906	3,344

Interest income increased in the year ended 30 June 2023 due to an improved interest rate environment for depositors. The group has proactively transferred funds into term deposit accounts to take advantage of increased deposit interest rates.

Interest income includes US\$1.1 million interest on payment plan agreement loans granted to a customer.

Avation generated a gain of US\$0.5 million on the repurchase of US\$11.4 million of Avation Capital S.A. 8.25%/9.0% unsecured notes at a discount during the year.

A gain of US\$1.7 million on early full repayment of borrowings arose when two loans were refinanced in November 2022.

Finance expenses

US\$ '000s	Year ended 30 June,	
	2023	2022
Interest expense on secured borrowings	21,170	24,062
Interest expense on unsecured notes	30,976	29,913
Interest expense on borrowings from related parties	271	-
Amortisation of loan transaction costs	1,057	2,226
Amortisation of IFRS 9 gain on debt modification	8,711	8,805
Fair value loss on financial derivatives	577	-
Amortisation of interest expense on non-current borrowings	571	539
Finance charges on early full repayment of borrowings	-	731
Others	206	1,205
	63,539	67,481

Interest expense on secured borrowings reduced by 12.0% to US\$21.2 million in the year ended 30 June 2023 from US\$24.1 million in the year ended 30 June 2022 as a result of net repayments of secured loans. Secured borrowings have been paid down by US\$79.4 million from US\$531.9 million at 30 June 2022 to US\$452.5 million at 30 June 2023.

Interest expense on unsecured notes includes US\$8.6 million (2022: US\$4.3 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\$8.7 million (2022: US\$ 8.8 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 2023 is US\$345.2 million.

Interim Management Statement

The global aviation industry has continued to recover strongly from the pandemic in 2023. In its latest update IATA reported that industry-wide revenue passenger-kilometres (RPKs) increased 26.2% year-on-year in July, reaching 95.6% of the traffic numbers seen in 2019. IATA also reports that domestic air travel, a driving force in the recovery of global passenger demand since the onset of the pandemic, reached a new all-time RPK high in July 2023 surpassing the previous record set in July 2019.

Avation has primarily focussed on transitioning or disposing of unutilised aircraft, maintaining liquidity, and reducing leverage in the year ended 30 June 2023. The Company recently agreed to sell one of its last two remaining unutilised aircraft and to lease the other to a new customer airline. On completion of these two transactions the Company's fleet will be fully utilised for the first time since early in 2020.

The company's focus will now shift towards leasing two ATR 72-600 aircraft from its orderbook, which are currently scheduled for delivery in April and May 2024, and identifying opportunities to lease, finance and deliver additional ATR aircraft by exercising purchase rights.

Avation aims to gradually transition to a more sustainable, lower CO₂ emissions aircraft fleet. Aircraft delivered from Avation'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 100% sustainable aviation fuel from 2025. Net emissions of CO₂ will be reduced by 80% when using sustainable aviation fuel.

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.

Market Positioning

Avation'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. Avation focuses on new and relatively new commercial passenger aircraft on long-term leases.

Avation supports the transition of the aircraft industry towards aircraft capable of using sustainable aviation fuel 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. Avation 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.

Avation 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 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 terrorism and natural disasters, regulatory risks from changes to government regulations and tax laws and climate-change risks.

Results Conference Call

Avation's senior management team will host an investor update call on 28 September 2023, 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 2023.

Financial information presented in this announcement is being published for the purposes of providing preliminary Group financial results for the year ended 30 June 2023. 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 27 September 2023. 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 2022, upon which the auditors have given an unqualified audit, were published on 3 November 2022 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 current year presentation.

-ENDS-

Enquiries:

Avation PLC – Jeff Chatfield, Executive Chairman

+65 6252 2077

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 2023

	2023 US\$'000s	2022 US\$'000s
Continuing operations		
Revenue	91,861	112,232
Other income	7,389	4,152
	<u>99,250</u>	<u>116,384</u>
Depreciation	(38,566)	(39,304)
Gain on derecognition of finance lease	2,792	-
Loss on disposal of aircraft and aircraft engine	(1,000)	(2,396)
Unrealised gain on aircraft purchase rights	20,540	38,320
Unrealised gain on equity investments	7,520	-
Reversal of/impairment (loss) on aircraft	3,287	(6,158)
Aircraft transition expenses	(11,389)	(5,479)
(Provision for)/reversal of expected credit losses	(659)	1,980
Administrative expenses	(8,760)	(9,465)
Legal and professional fees	(2,382)	(3,698)
	<u>70,633</u>	<u>90,184</u>
Operating profit	70,633	90,184
Loss on debt modification	-	(3,545)
Finance income	5,906	3,344
Finance expenses	(63,539)	(67,481)
Profit before taxation	<u>13,000</u>	<u>22,502</u>
Taxation	(808)	(5,375)
Profit from continuing operations	<u>12,192</u>	<u>17,127</u>
Profit attributable to:		
Shareholders of Avation PLC	12,191	17,126
Non-controlling interests	1	1
	<u>12,192</u>	<u>17,127</u>
Earnings per share for profit attributable to shareholders of Avation PLC		
<i>Basic earnings per share (US cents)</i>	17.43	24.65
<i>Diluted earnings per share (US cents)</i>	<u>17.38</u>	<u>24.65</u>

AVATION PLC**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2023**

	2023 US\$'000s	2022 US\$'000s
Profit from continuing operations	12,192	17,127
Other comprehensive income:		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Net gain on cash flow hedge, net of tax	410	35,387
	410	35,387
<i>Items that may not be reclassified subsequently to profit or loss:</i>		
Revaluation (loss)/gain on property, plant and equipment, net of tax	(966)	16,209
Other comprehensive income, net of tax	(556)	51,596
Total comprehensive income for the year	11,636	68,723
Total comprehensive income attributable to:		
Shareholders of Avation PLC	11,635	68,722
Non-controlling interests	1	1
	11,636	68,723

AVATION PLC**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF 30 JUNE 2023**

	2023	2022
	US\$'000s	US\$'000s
ASSETS		
Non-current assets		
Property, plant and equipment	845,471	813,908
Finance lease receivables	41,213	55,208
Trade and other receivables	14,258	19,388
Derivative financial assets	13,442	5,920
Aircraft purchase rights	85,820	65,280
Lease incentive assets	4,686	310
Goodwill	1,902	1,902
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	1,006,792	961,916
Current assets		
Finance lease receivables	3,932	5,624
Trade and other receivables	31,035	13,202
Derivative financial assets	54	-
Investment in equity, fair value through profit or loss	11,235	3,715
Lease incentive assets	1,643	137
Cash and bank balances	116,905	119,171
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	164,804	141,849
Assets held for sale	8,000	113,255
	<hr/>	<hr/>
	172,804	255,104
	<hr/>	<hr/>
Total assets	1,179,596	1,217,020
EQUITY AND LIABILITIES		
Equity		
Share capital	1,182	1,203
Share premium	70,024	67,681
Treasury shares	-	(7,811)
Merger reserve	6,715	6,715
Asset revaluation reserve	50,764	51,730
Capital reserve	8,876	8,876
Other reserves	15,069	14,174
Retained earnings	88,995	84,519
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Equity attributable to shareholders of Avation PLC	241,625	227,087
Non-controlling interests	7	6
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Total equity	241,632	227,093
Non-current liabilities		
Loans and borrowings	694,575	764,230
Trade and other payables	20,185	18,274
<i>Derivative</i> financial liabilities	1,632	1,055
Maintenance reserves	54,587	75,131
Deferred tax liabilities	26,440	25,437
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	797,419	884,127
Current liabilities		
Loans and borrowings	61,401	63,900
Trade and other payables	17,167	15,940
Maintenance reserves	61,456	10,156
Income tax payable	521	658
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	140,545	90,654
Liabilities directly associated with assets held for sale	-	15,146
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	140,545	105,800
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Total equity and liabilities	1,179,596	1,217,020

AVATION PLC

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

	Attributable to shareholders of Avation PLC										
	Share capital	Share premium	Treasury shares	Merger reserve	Asset revaluation reserve	Capital reserve	Other reserves	Retained earnings	Total	Non-controlling interest	Total equity
	US\$'000s	US\$'000s	US\$'000s	US\$'000s	US\$'000s	US\$'000s	US\$'000s	US\$'000s	US\$'000s	US\$'000s	US\$'000s
Balance at 1 July 2022	1,203	67,681	(7,811)	6,715	51,730	8,876	14,174	84,519	227,087	6	227,093
Profit for the year	-	-	-	-	-	-	-	12,191	12,191	1	12,192
Other comprehensive income	-	-	-	-	(966)	-	410	-	(556)	-	(556)
<i>Total comprehensive income</i>	-	-	-	-	(966)	-	410	12,191	11,635	1	11,636
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	88,995	241,625	7	241,632

AVATION PLC

CONSOLIDATED STATEMENT OF EQUITY CHANGES FOR THE YEAR ENDED 30 JUNE 2022

	Attributable to shareholders of Avation PLC										
	Share capital	Share premium	Treasury shares	Merger reserve	Asset revaluation reserve	Capital reserve	Other reserves	Retained earnings	Total	Non-controlling interest	Total equity
	US\$'000s	US\$'000s	US\$'000s	US\$'000s	US\$'000s	US\$'000s	US\$'000s	US\$'000s	US\$'000s	US\$'000s	US\$'000s
Balance at 1 July 2021	1,203	67,681	(7,811)	6,715	37,602	8,876	(21,382)	64,058	156,942	68	157,010
Profit for the year	-	-	-	-	-	-	-	17,126	17,126	1	17,127
Other comprehensive income	-	-	-	-	16,209	-	35,387	-	51,596	-	51,596
<i>Total comprehensive income</i>	-	-	-	-	16,209	-	35,387	17,126	68,722	1	68,723
Dividends paid to non-controlling interest	-	-	-	-	-	-	-	-	-	(63)	(63)
Share warrant expense	-	-	-	-	-	-	1,423	-	1,423	-	1,423
<i>Total transactions with owners recognised directly in equity</i>	-	-	-	-	-	-	1,423	-	1,423	(63)	1,360
Release of revaluation reserve upon sale of aircraft	-	-	-	-	(2,081)	-	-	2,081	-	-	-
Expiry of share warrants	-	-	-	-	-	-	(1,254)	1,254	-	-	-
<i>Total others</i>	-	-	-	-	(2,081)	-	(1,254)	3,335	-	-	-
Balance at 30 June 2022	1,203	67,681	(7,811)	6,715	51,730	8,876	14,174	84,519	227,087	6	227,093

AVATION PLC**CONSOLIDATED STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 30 JUNE 2023**

	2023	2022
	US\$'000s	US\$'000s
Cash flows from operating activities:		
Profit before income tax	13,000	22,502
Adjustments for:		
Amortisation of lease incentive asset	1,368	1,383
Depreciation expense	38,566	39,304
Depreciation of right-of-use assets	233	218
Provision for/(reversal of) expected credit losses	659	(1,980)
Finance income	(5,906)	(3,344)
Finance expense	63,539	67,481
Gain on derecognition of finance lease	(2,792)	-
Loss on debt modification	-	3,545
Loss on disposal of aircraft and aircraft engine	1,000	2,396
Interest income from finance leases	(2,230)	(2,918)
(Reversal of)/impairment loss on aircraft	(3,287)	6,158
Share warrants expense	1,142	1,423
Foreign currency exchange gain	(3,107)	-
Unrealised gain on aircraft purchase rights	(20,540)	(38,320)
Unrealised gain on equity investments	(7,520)	-
Operating cash flows before working capital changes	74,125	97,848
Movement in working capital:		
Trade and other receivables and finance lease receivables	(3,296)	12,923
Trade and other payables	2,042	1,562
Maintenance reserves	15,503	(7,124)
Cash from operations	88,374	105,209
Finance income received	4,713	1,581
Finance expense paid	(44,091)	(51,700)
Income tax paid	(610)	(610)
Net cash from operating activities	48,386	54,480
Cash flows from investing activities:		
Investment in fixed term deposits	(1,225)	-
Purchase of property, plant and equipment	(6)	(17)
Proceeds from disposal of aircraft and aircraft engine	39,750	65,636
Net cash from investing activities	38,519	65,619
Cash flows from financing activities:		
Net proceeds from issuance of ordinary shares	1,855	-
Purchase of treasury shares	(94)	-
Dividend paid to non-controlling interest of a subsidiary	-	(63)
(Increase)/decrease of restricted cash balances	(6,960)	13,500
Proceeds from loans and borrowings, net of transactions costs	42,958	17,060
Repayment of loans and borrowings	(135,115)	(140,396)
Net cash used in financing activities	(97,356)	(109,899)
Net (decrease)/increase in cash and cash equivalents	(10,451)	10,200
Cash and cash equivalents at beginning of year	35,267	25,067
Cash and cash equivalents at end of year	24,816	35,267