

AVATION PLC
("Avation" or "the Company")

UNAUDITED RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2024

Avation PLC (LSE: AVAP), the commercial passenger aircraft leasing company, announces unaudited results for the six months ended 31 December 2024.

Financial Highlights

- Revenue and other income increased to US 55.4 million (2023: US 46.3 million) displaying continued business momentum;
- EBITDA increased to US 55.6 million (2023: US 38.3 million) demonstrating enhanced cash generation;
- Operating profit US 18.8 million (2023: US 17.5 million);
- Total cash increased to US 125.6 million (30 June 2024: US 117.9 million);
- Net indebtedness reduced by US 45.2 million to US 606.3 million (30 June 2024: US 651.5 million), representing 56.1% of total assets (30 June 2024: 57.0%);
- Ratio of net debt to EBITDA improved significantly to 5.7x (30 June 2024: 7.3x); and
- Net asset value per share increased 3.2% to £2.94 (30 June 2024 restated: £2.85).

Operational Highlights

- Avation's fleet was 100% utilised throughout the period, showing strong airline demand and effective asset management;
- Two ATR 72-600 aircraft were sold pursuant to the exercise of purchase options held by the lessee;
- The Company sold a new ATR 72-600 aircraft on delivery from the manufacturer in November 2024 realising a profit of US 1.7 million and US 5.0 million net cash proceeds;
- In January 2025 an early lease termination option for the Company's Boeing 777-300ER aircraft expired, providing certainty for an additional four years lease revenue for the aircraft; and
- The Company has signed an agreement to purchase an Airbus A320 aircraft which is on lease to Etihad Airlines. The addition of Etihad to Avation's lessee portfolio improves customer diversification and the Company's overall credit risk profile.

Outlook

According to IATA, in 2024 international passenger traffic reached new highs, growing 13.6% year-on-year. Passenger load factors increased in all regions reflecting strong demand for air travel. The strength of the overall air travel market is supportive for commercial aircraft leasing.

Avation's fleet is currently 100% utilised and is set to grow through the recently agreed acquisition of an Airbus A320 aircraft on lease to Etihad Airlines. We expect to close this aircraft acquisition in March 2025 and the addition of Etihad to our roster of customer airlines provides meaningful improvements to both revenue diversification and the overall credit risk profile of our fleet.

We will also take delivery of a new ATR 72-600 in Q2 2025 from our orderbook. This aircraft has been pre-sold to an airline in the Caribbean in a transaction expected to generate a profit and release net cash proceeds of around US 4.9 million.

Further fleet growth is expected in Q4 2025 with the scheduled deliveries of two additional ATR 72-600 aircraft from our orderbook. The first delivery, scheduled for October 2025, has been placed on long-term lease with a Japanese airline and the second aircraft is expected to be placed for long-term lease with an airline in South Korea. Both airlines are new customers for Avation, further improving revenue diversification.

The Company has also just announced the agreement of an US 85 million portfolio financing facility with a major international aviation finance bank. This sophisticated loan facility is expected to provide a significant improvement in Avation's cash flows and other benefits including the ability to pool certain maintenance reserve liabilities, releasing surplus cash for use in the business. The expected cashflow benefit is around US 400,000 per month.

Having observed the significant profit volatility created by the option pricing model used to value aircraft purchase rights, Avation intends to seek a financial partner to invest in a joint venture for the purchase rights with the desired outcome of funding future conversions to firm orders and reducing volatility in Avation's reported profits.

The Company's future strategy will focus on leasing modern, low CO2 emissions, fuel-efficient aircraft, reducing revenue concentrations and generating further improvements in the overall credit quality of the Company's portfolio. Avation's ATR orderbook and purchase rights provide a valuable growth opportunity and the Company will also look to the secondary markets to add additional narrow-body aircraft opportunistically.

The Company continues to focus on optimising its capital structure and is pleased to have reduced leverage significantly from the peak seen during and immediately after the COVID pandemic. Reduced levels of leverage have created a platform which allows the Company to consider further growth opportunities and for re-financing the Company's unsecured bonds which are due to mature in October 2026.

Executive Chairman, Jeff Chatfield, said:

"During the six months ending 31 December 2024 Avation generated improvements in revenue, EBITDA and operating profit, sold an aircraft at a profit, added to liquidity and continued to reduce leverage. These are pleasing results and show that the Company has fully overcome the challenges created by the impact of the COVID pandemic on our business. We may now look forward with confidence to the future having established a strong platform for a return to fleet growth.

We are particularly pleased with our agreement to purchase an Airbus A320 aircraft on lease to Etihad Airlines, a world-class operator that enhances our customer base and credit quality. We were also pleased to see the expiry of an early lease termination option for our Boeing 777-300ER widebody aircraft last month. This is a welcome development which increases our future contracted revenue significantly and provides certainty for our most valuable aircraft asset.

We note that long OEM order backlogs, supply chain issues and delays to new aircraft deliveries have created an environment where airlines are keen to extend existing aircraft leases, and aircraft coming off-lease are in demand. We have an ATR 72-600 lease expiring next month and we expect to complete the transition of this aircraft to a new lessee quickly. Our next lease expiries are for three ATR 72-600 aircraft in early 2026. Our marketing team are seeing high levels of interest in the market for these aircraft and we are confident that we will be able to re-lease them at healthy lease rates.

Avation has continued to de-lever its balance sheet, reducing debt by US 36.7 million during the six-month period and achieving a reduction to 56.1% in the ratio of net debt to total assets as at 31 December 2024. Strong cash generation, improved earnings visibility, cost control and reduced leverage have created a stable platform for the Company to grow. We are also seeing opportunities for refinancing transactions on attractive terms, which the Company intends to take advantage of. The recently announced US 85 million loan facility is a good example and we are confident of concluding further refinancing transactions including for the Company's unsecured bonds which mature in October 2026.

Reflecting the Company's growth ambitions and market position, the Board is considering an application to transfer from the Transition Category to the Equity Shares (Commercial Companies) ("ESCC") category of the Official List and Main Market of the London Stock Exchange. While still at an early stage, this move would further enhance Avation's visibility and access to capital markets. The Board will make appropriate further announcements in due course."

Financial Summary

US '000s	Six months ended 31 December,	
	2024	2023
Revenue	52,980	44,733
Other income	2,468	1,544
	55,448	46,277
EBITDA (1)	55,553	38,280
Operating profit	18,816	17,547
Profit/(loss) before tax	(9,769)	(9,583)
Profit/(loss) after tax	868	(8,804)
EPS	1.23c	(12.42c)
US '000s	31 December	30 June 2024

	2024	2023
Fleet assets (2)	787,230	832,818
Total assets	1,081,048	1,142,321
Cash and bank balances (3)	125,612	117,940
Unrestricted cash and cash equivalents	32,176	23,561
Net asset value per share (US) (4)	3.67	3.62
Net asset value per share (GBP) (5)	£2.94	£2.85

1. EBITDA is a non-GAAP financial measure used as an indicator of a company's ability to incur and service debt. EBITDA has been calculated as the sum of profit before tax, finance expenses, depreciation and impairment and unrealised losses on aircraft purchase rights and deposits paid for aircraft. EBITDA presented herein may not be comparable to similarly titled measures presented by other companies.
2. Fleet assets are defined as property, plant and equipment plus assets held for sale plus finance lease receivables.
3. Cash and bank balances as at 31 December 2024 comprise cash and cash equivalents of US 32.2 million (30 June 2024: US 23.6 million), restricted cash balances of US 54.2 million (30 June 2024: US 94.4 million) and investment in fixed term deposits US 39.3 million (30 June 2024: US nil).
4. Net asset value per share is total equity divided by the total number of shares in issue, excluding treasury shares.
5. Based on GBP:USD exchange rate as at 31 December 2024 of 1.25 (30 June 2024: 1.27).

Aircraft Fleet

Aircraft Type	31 December 2024	30 June 2024
Boeing 777-300ER	1	1
Airbus A330-300	1	1
Airbus A321-200	6	6
Airbus A320-200	2	2
Airbus A220-300	5	5
ATR 72-600	13	15
ATR 72-500	4	4
Total	32	34

At 31 December 2024, Avation's fleet comprised 32 aircraft, including three aircraft on finance lease. Avation currently serves 15 customers in 13 countries. The weighted average age of the fleet is 7.9 years (30 June 2024: 7.3 years) and the weighted average remaining lease term is 4.2 years (30 June 2024: 4.1 years).

Two ATR 72-600 aircraft were sold during the period pursuant to the exercise of purchase options held by the lessee. Avation's fleet comprises 55% narrowbody, 27% turboprop and 18% widebody aircraft by book value as at 31 December 2024. Fleet assets have decreased 5.5% to US 787.2 million (30 June 2024: US 832.8 million). As at the date of this report all aircraft are on-lease.

The company took delivery of an ATR 72-600 aircraft in November 2024. The aircraft was sold on delivery realising a profit of US 1.7 million.

Avation has eleven new ATR 72-600 aircraft on order for delivery between Q2 2025 and Q2 2028 and purchase rights for a further 24 aircraft as at 31 December 2024.

Debt summary

US '000s	31 December 2024	30 June 2024
Current loans and borrowings	55,948	49,668
Non-current loans and borrowings	582,494	625,426
Total loans and borrowings	638,442	675,094
Unrestricted cash and bank balances	32,176	23,561
Net indebtedness (1)	606,266	651,533
Net debt to total assets	56.1%	57.0%
Net debt to EBITDA	5.7x	7.3x
Weighted average cost of secured debt (2)	4.9%	4.8%
Weighted average cost of total debt (3)	6.6%	6.4%

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

Net indebtedness was reduced by 6.9% to US 606.3 million (30 June 2024: US 651.5 million).

The weighted average cost of total debt has increased to 6.6% at 31 December 2024 (30 June 2024: 6.4%) due to repayments of lower cost secured loans in the period. The weighted average cost of secured debt also increased to 4.9% at 31 December 2024 (30 June 2024: 4.8%).

At the end of the period, Avation's net debt to total assets ratio improved to 56.1% (30 June 2024: 57.0%). At 31 December 2024, 96.5% of total debt was at fixed or hedged interest rates (30 June 2024: 96.4%). The ratio of unsecured debt to total debt was 48.5% (30 June 2024: 44.8%).

Financial Analysis

Revenue

US '000s	Six months ended 31 December,	
	2024	2023
Lease rental revenue	44,558	43,887
Less: amortisation of lease incentive assets	(1,628)	(1,169)
	42,930	42,718
Interest income from finance leases	780	1,036
Maintenance reserves revenue	9,270	979
	52,980	44,733

Lease rental revenue increased by 1.5% from US 43.9 million in the six months ended 31 December 2023 to US 44.6 million in the six months ended 31 December 2024. The increase was principally due to improved fleet utilisation. All of Avation's aircraft were on-lease throughout the period.

Interest income from finance leases decreased by 24.7% from US 1.0 million in the six months ended 31 December 2023 to US 0.8 million in the six months ended 31 December 2024. There were three aircraft leased on finance leases at 31 December 2024.

Other income

US '000s	Six months ended 31 December,	
	2024	2023
Fees for late payment	753	608
Deposit released	-	350
Foreign currency exchange gain	1,002	-
Claim recovery	442	385
Others	271	201
	2,468	1,544

Claim recoveries recognised in other income in the six months ended 31 December 2024 and 31 December 2023 are distributions paid to creditors of Virgin Australia in excess of amounts allocated to trade receivables.

Foreign currency exchange gains in the six months ended 31 December 2024 arose principally from the revaluation of Euro denominated loans during the period.

Administrative expenses

US '000s	Six months ended 31 December,	
	2024	2023
Staff costs	2,875	2,792
Other administrative expenses	1,725	1,739
	4,600	4,531

Staff costs increased by 3.0% from US 2.8 million in the six months ended 31 December 2023 to US 2.9 million in the six months ended 31 December 2024 as a result of inflationary pressures.

Other administrative expenses were unchanged at US 1.7 million in both the six months ended 31 December 2023 and 31 December 2024.

Finance income

US '000s	Six months ended 31 December,	
	2024	2023
Interest income	2,752	2,814
Fair value gain on financial derivatives	-	645
Finance income from discounting non-current deposits to fair value	315	332
Gain on repurchase of unsecured notes	-	311
Gain on early full repayment of borrowings	1,084	161
	4,151	4,263

Interest income was US 2.8 million in the six months ended 31 December 2024. The group deploys surplus cash balances into fixed term deposits while maintaining sufficient liquidity to meet near-term payment obligations.

Avation generated a gain of US 0.3 million on the repurchase of US 8.0 million of Avation Capital S.A. 8.25%/9.0% unsecured notes at a discount in December 2023.

A gain of US 1.1 million on early full repayment of borrowings arose when in-the-money interest rate swaps were terminated concurrently with repayment of two loans on the sales of aircraft in August 2024.

Finance expenses

US '000s	Six months ended 31 December,	
	2024	2023
Amortisation of IFRS 9 gain on debt modification	7,440	4,730
Interest expense on secured borrowings	8,447	10,125
Interest expense on unsecured notes	13,677	15,555
Amortisation of loan transaction costs	699	543
Amortisation of interest expense on non-current borrowings	314	326
Fair value loss on financial derivatives	2,002	-
Others	157	114
	25,296	26,663

Amortisation of IFRS 9 gain on debt modification of US 7.4 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 31 December 2024 is US 331.6 million.

Interest expense on secured borrowings reduced by 16.6% to US 8.4 million in the six months ended 31 December 2024 from US 10.1 million in the six months ended 31 December 2023 as a result of repayments of secured loans. Secured loans have been paid down by US 108.8 million from US 437.5 million at 31 December 2023 to US 328.7 million at 31 December 2024.

Interest expense on unsecured notes reduced by 12.1% from US 15.6 million in the six months ended 31 December 2023 to 13.7 million in the six months ended 31 December 2024. The reduction results from repurchases of notes which have reduced the outstanding principal amount by US 18.0 million since December 2023 and the company's choice to pay the November 2024 coupon payment using the 8.25% all cash option instead of the 9.0% part cash part payment-in-kind option.

A mark to market loss of US 2.0 million arose on the revaluation of interest rate swap agreements as a result of changes in floating interest rates in the six months ended 31 December 2024.

Results Conference Call

Avation's senior management team will host an investor update call on 25 February 2025, at 12:00 PM GMT (UK) / 7:00 AM EST (US) / 8:00 PM SGT (Singapore), to discuss the Company's financial results.

A replay of the investor update call 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 six months ended 31 December 2024.

Financial information presented in this announcement is being published for the purposes of providing preliminary Group financial results for the six months ended 31 December 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 29 February 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 2024, upon which the auditors have given an unqualified audit, were published on 25 October 2024 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

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE SIX MONTHS ENDED 31 DECEMBER 2024

	Note	31 Dec 2024 US '000s	31 Dec 2023 US '000s
Continuing operations			
Revenue	5	52,980	44,733
Other income	6	2,468	1,544
		<u>55,448</u>	<u>46,277</u>
Depreciation	11	(18,599)	(18,660)
Gain/(loss) on disposal of aircraft		1,713	(2,855)
Unrealised (loss)/gain on aircraft purchase rights and pre-delivery aircraft deposits paid	16,17	(15,389)	2,190
Unrealised (loss)/gain on equity investment	18	(124)	(500)
Reversal of impairment loss on aircraft	11	1,402	-
Aircraft transition expenses		(180)	(2,933)
Reversal of expected credit losses		85	38
Administrative expenses		(4,600)	(4,531)
Legal and professional fees		(940)	(1,254)
Other expenses	7	-	(225)
Operating profit		<u>18,816</u>	<u>17,547</u>
Finance income	8	4,151	4,263
Amortisation of IFRS 9 gain on debt modification of the unsecured notes		(7,440)	(4,730)
Finance expenses	9	(25,296)	(26,663)
Loss before taxation		<u>(9,769)</u>	<u>(9,583)</u>
Taxation		10,637	779
Profit/(loss) from continuing operations		<u>868</u>	<u>(8,804)</u>
Profit/(loss) attributable to:			
Shareholders of Avation PLC		868	(8,804)
Non-controlling interests		-	-
		<u>868</u>	<u>(8,804)</u>
Earnings per share for profit/(loss) attributable to shareholders of Avation PLC			
Basic earnings per share (US cents)		1.23	(12.42)
Diluted earnings per share (US cents)		<u>1.18</u>	<u>(12.38)</u>

AVATION PLC
**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 31 DECEMBER 2024**

	31 Dec 2024 US '000s	31 Dec 2023 US '000s
Profit/(loss) from continuing operations	868	(8,804)
Other comprehensive loss:		
<i>Items may be reclassified subsequently to profit or loss:</i>		
Net loss on cash flow hedge, net of tax	(2,003)	(5,089)
	(2,003)	(5,089)
<i>Items may be reclassified subsequently to profit or loss:</i>		
Revaluation loss on property, plant and equipment, net of tax	(561)	-
Other comprehensive loss, net of tax	(2,564)	(5,089)
Total comprehensive loss for the period	(1,696)	(13,893)
Total comprehensive loss attributable to:		
Shareholders of Avation PLC	(1,696)	(13,893)
Non-controlling interests	-	-
	(1,696)	(13,893)

AVATION PLC
**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024**

	Note	31 Dec 2024 US '000s	30 Jun 2024 US '000s
ASSETS			
Non-current assets			
Property, plant and equipment	11	773,597	791,420
Finance lease receivables	13	11,959	12,754
Trade and other receivables	12	464	939
Pre-delivery aircraft deposits paid	16	18,125	21,813
Derivative financial assets	15	4,419	8,096
Aircraft purchase rights	17	100,460	112,780
Lease incentive assets		6,280	7,756
Goodwill	14	1,902	1,902
		917,206	957,460
Current assets			
Finance lease receivables	13	1,674	28,644
Trade and other receivables	12	12,671	15,876
Pre-delivery aircraft deposits paid	16	10,280	8,520
Investment in equity, fair value through profit or loss	18	10,621	10,745
Lease incentive assets		2,984	3,136
Restricted cash		54,162	94,379
Cash investment in fixed term bank deposits		39,274	-
Cash and bank balances		32,176	23,561
		163,842	184,861
Total assets		1,081,048	1,142,321
EQUITY AND LIABILITIES			
Equity			
Share capital	19	1,230	1,182
Share premium		78,967	70,120
Treasury shares	19	(14,962)	-
Merger reserve		6,715	6,715
Asset revaluation reserve		46,782	47,343
Capital reserve		8,876	8,876
Other reserves		6,676	11,210
Retained earnings		111,362	110,944
Equity attributable to shareholders of Avation PLC		245,646	256,390
Non-controlling interests		7	7
Total equity		245,653	256,397
Non-current liabilities			
Loans and borrowings	20	582,494	625,426
Trade and other payables		18,309	18,487
Derivative financial liabilities	15	3,969	2,037
Maintenance reserves	21	97,587	73,270
Deferred tax liabilities		21,862	34,047
		724,221	753,267

Current liabilities

Loans and borrowings	20	55,948	49,668
Trade and other payables		18,855	18,920
Maintenance reserves	21	34,004	62,153
Income tax payable		2,367	1,916
		<u>111,174</u>	<u>132,657</u>
Total equity and liabilities		<u>1,081,048</u>	<u>1,142,321</u>

AVATION PLC
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 31 DECEMBER 2024**

		Attributable to shareholders of Avation PLC							
		Share capital	Share premium	Treasury Shares	Merger reserve	Asset revaluation reserve	Capital reserve	Other reserves	Retained earnings
		US '000s	US '000s	US '000s	US '000s	US '000s	US '000s	US '000s	US '000s
Balance at 1 July 2024		1,182	70,120	-	6,715	47,343	8,876	11,210	110,944
Profit for the period		-	-	-	-	-	-	-	868
Other comprehensive loss		-	-	-	-	(561)	-	(2,003)	-
<i>Total comprehensive loss</i>		-	-	-	-	(561)	-	(2,003)	868
Issue of shares	19	48	8,847	-	-	-	-	(2,753)	-
Purchase of treasury shares	19	-	-	(14,962)	-	-	-	-	-
Share warrant expense		-	-	-	-	-	-	222	-
Dividend paid	24	-	-	-	-	-	-	-	(450)
<i>Total transactions with owners recognised directly in equity</i>		48	8,847	(14,962)	-	-	-	(2,531)	(450)
Balance at 31 December 2024		1,230	78,967	(14,962)	6,715	46,782	8,876	6,676	111,362

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
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 31 DECEMBER 2023**

Attributable to shareholders of Avation PLC

	Share capital	Share premium	Treasury Shares	Merger reserve	Asset revaluation reserve	Capital reserve	Other reserves	Retained earnings
	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
Effects of changes in accounting policies	-	-	-	-	-	-	-	2,300
Balance at 1 July 2023 as restated	1,182	70,024	-	6,715	50,764	8,876	15,069	91,295
Loss for the period	-	-	-	-	-	-	-	(8,804)
Other comprehensive loss	-	-	-	-	-	-	(5,089)	-
<i>Total comprehensive loss</i>	-	-	-	-	-	-	(5,089)	(8,804)
Share warrant expense	-	-	-	-	-	-	465	-
<i>Total transactions with owners recognised directly in equity</i>	-	-	-	-	-	-	465	-
Expiry of share warrants	-	-	-	-	-	-	(9)	9
<i>Total others</i>	-	-	-	-	-	-	(9)	9
Balance at 31 December 2023	1,182	70,024	-	6,715	50,764	8,876	10,436	82,500

AVATION PLC
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2024

	Note	31 Dec 2024	31 Dec 2023
		US '000s	US '000s
Cash flows from operating activities:			
Loss before taxation		(9,769)	(9,583)
Adjustments for:			
Amortisation of lease incentive asset	5	1,628	1,169
Depreciation expense	11	18,599	18,660
Depreciation of right-of-use assets		141	138
Reversal of expected credit losses		(85)	(38)
Finance income	8	(4,151)	(4,263)
Finance expense	9	25,296	26,663
Amortisation of IFRS 9 gain on debt modification of the unsecured notes		7,440	4,730
(Gain)/loss on disposal of aircraft		(1,713)	2,855
Interest income from finance lease	5	(780)	(1,036)
Reversal of impairment loss on aircraft	11	(1,402)	-
Maintenance reserves income	5	(9,270)	(979)
Share warrants expense		222	465
Foreign currency exchange (gain)/loss		(1,231)	344
Unrealised gain on aircraft purchase rights and pre-delivery aircraft deposits paid	16,17	15,389	(2,190)
Unrealised loss on equity investments	18	124	500
Operating cash flows before working capital changes		40,438	37,435
Movement in working capital:			
Trade and other receivables and finance lease receivables		29,685	15,513
Pre-delivery aircraft deposits paid		(4,536)	-
Trade and other payables		806	3,785
Maintenance reserves		5,438	12,755
Cash from operations		71,831	69,488
Finance income received		5,236	3,865
Finance expense paid		(21,972)	(20,796)
Income tax paid		(514)	(345)
Net cash from operating activities		54,581	52,212
Cash flows from investing activities:			
Cash investment in fixed term bank deposits		(39,274)	1,225

Purchase of aircraft		(15,682)	-
Proceeds from disposal of aircraft		19,790	4,049
Net cash (used in)/from investing activities		(35,166)	5,274
Cash flows from financing activities:			
Net proceeds from issuance of ordinary shares		6,142	-
Purchase of treasury shares	19	(14,962)	-
Dividend paid	24	(450)	-
Decrease/(increase) of restricted cash balances		40,217	(15,752)
Proceeds from loans and borrowings, net of transactions costs		-	26,171
Repayment of loans and borrowings		(41,747)	(49,265)
Net cash used in financing activities		(10,800)	(38,846)
Net increase in cash and cash equivalents		8,615	18,640
Cash and cash equivalents at beginning of financial period		23,561	24,816
Cash and cash equivalents at end of financial period		32,176	43,456

AVATION PLC

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2024

This interim condensed consolidated financial statements for Avation PLC for the six months ended 31 December 2024 were authorised for issue in accordance with a resolution of the Directors on 24 February 2025.

1 CORPORATE INFORMATION

Avation PLC is a public limited company incorporated in England and Wales under the Companies Act 2006 (Registration Number 05872328) and its shares are traded on the Standard Segment of the Main Market of the London Stock Exchange.

The Group's principal activity is aircraft leasing.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

These interim condensed consolidated financial statements have been prepared in accordance with the Disclosure and Transparency Rules (DTR) of the Financial Conduct Authority and in accordance with UK-adopted International Accounting Standard (IAS) 34 'Interim Financial Reporting'.

The interim condensed consolidated financial statements do not include all the notes of the type normally included within the annual report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financial and investing activities of the consolidated entity as the annual report.

It is recommended that the interim condensed consolidated financial statements be read in conjunction with the annual report for the year ended 30 June 2024 and considered together with any public announcements made by Avation PLC during the six months ended 31 December 2024.

The accounting policies and methods of computation are the same as those adopted in the annual report for the year ended 30 June 2024.

The preparation of the interim condensed consolidated financial statements requires

the preparation of the interim condensed consolidated financial statements requires management to make estimates and assumptions that affect the reported income and expenses, assets and liabilities and disclosure of contingencies at the date of the Interim Report, actual results may differ from these estimates.

The statutory financial statements of Avation PLC for the year ended 30 June 2024, which carried an unqualified audit report, have been delivered to the Registrar of Companies and did not contain any statements under section 498 of the Companies Act 2006.

The interim condensed consolidated financial statements are unaudited.

The interim condensed consolidated financial statements do not constitute statutory financial statements within the meaning of section 434 of the Companies Act 2006.

AVATION PLC
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2024

3 NEW STANDARDS AND INTERPRETATIONS NOT APPLIED AND STANDARDS IN EFFECT IN 2025

(a) New standards and interpretations not applied

The Group has not adopted the following new or amended standards and interpretations which are relevant to the Group that have been issued but are not yet effective:

Description	Effective date (period beginning)
Amendments to IAS 21 - Lack of exchangeability	1 January 2025
Amendments to IFRS 9 and IFRS 7: Classification and Measurement of Financial Instruments	1 January 2026
IFRS 18 - Presentation and Disclosure in Financial Statements	1 January 2027
Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or joint venture	Postponed indefinitely

Based on a preliminary assessment using currently available information, the Group does not expect the adoption of the above standards to have a material impact on the financial statements in the period of initial application. These preliminary assessments may be subject to changes arising from ongoing analyses when the Group adopts the standards. The Group plans to adopt the above standards on the effective date.

(b) Standards in effect in 2025

The Group has adopted all new standards that have come into effect during the six months ended 31 December 2024. The adoptions do not have a material impact on the Group's interim condensed consolidated financial statements.

AVATION PLC
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2024

4 FAIR VALUE MEASUREMENT

The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The carrying amounts of cash and bank balances, trade and other receivables, finance lease receivables - current, trade and other payables - current, loans and borrowings - current and maintenance reserves are a reasonable approximation of fair value either due to their short-term nature or because the interest rate charged closely approximates market interest rates or that the financial instruments have been discounted to their fair value at a current pre-tax interest rate.

	31 Dec 2024		30 Jun 2024	
	Carrying amount	Fair value	Carrying amount	Fair value
	US '000s	US '000s	US '000s	US '000s
Financial assets:				
Finance lease receivables - non-current	11,959	10,798	12,754	11,461
Pre-delivery aircraft deposits paid	28,405	28,405	30,333	30,333
Derivative financial assets	4,419	4,419	8,096	8,096
Aircraft purchase rights	100,460	100,460	112,780	112,780
Investment in equity, fair value through profit or loss	10,621	10,621	10,745	10,745
Financial liabilities:				
Deposits collected - non-current	15,193	12,420	14,967	11,936
Loans and borrowings other than unsecured notes - non-current	272,717	241,529	323,117	299,009
Unsecured notes	309,777	325,701	302,309	300,887
Share warrants	3,969	3,969	2,037	2,037

The fair values (other than for unsecured notes, investment in debt instrument, fair value through profit or loss) above are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the end of the reporting period, which is classified under level 2 of the fair value hierarchy.

The fair value of the unsecured notes and share warrants are based on level 1 quoted prices (unadjusted) in an active market that the Group can access at measurement date.

The fair value of pre-delivery aircraft deposits paid are classified under level 2 of the fair value hierarchy for which the inputs are observable for the determination of fair value using the discounted cashflow model.

The fair value of the derivative financial instruments is determined by reference to marked-to-market values provided by counterparties. The fair value measurement of all derivative financial instruments is classified under level 2 of the fair value hierarchy, for which inputs other than quoted prices that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) are included as inputs for the determination of fair value.

AVATION PLC
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2024

4 FAIR VALUE MEASUREMENT (continued)

Assets measured at fair value classified under level 3:

	31 Dec 2024	30 Jun 2024
	US '000s	US '000s

Fair value measurement using significant unobservable inputs:

Aircraft	773,591	791,408
Investment in equity, fair value through profit or loss	10,621	10,745

5 REVENUE

	31 Dec 2024	31 Dec 2023
	US '000s	US '000s
Lease rental revenue	44,558	43,887
Less: amortisation of lease incentive asset	(1,628)	(1,169)
	42,930	42,718
Interest income on finance leases	780	1,036
Maintenance reserves revenue	9,270	979
	52,980	44,733

Geographical analysis

	Europe US '000s	Asia Pacific US '000s	Total US '000s
31 Dec 2024	10,031	42,949	52,980
31 Dec 2023	10,621	34,112	44,733

AVATION PLC

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2024

5 REVENUE (continued)

Operating lease commitments

The Group leases out aircraft under operating leases. The maturity analysis of the undiscounted lease payments to be received under operating leases are as follows:

	31 Dec 2024	31 Dec 2023
	US '000s	US '000s
Within one year	87,878	92,367
One to two years	80,822	87,210
Two to three years	75,315	72,240
Three to four years	48,408	64,442
Four to five years	31,482	37,535
Later than five years	26,245	49,527

6 OTHER INCOME

	31 Dec 2024	31 Dec 2023
	US '000s	US '000s
Fees for late payment	753	608
Deposit released	-	350
Foreign currency exchange gain	1,002	-
Recovery of claims from customer	442	385
Others	271	201
	2,468	1,544

7 OTHER EXPENSES

	31 Dec 2024	31 Dec 2023
	US '000s	US '000s
Foreign currency exchange loss	-	225

AVATION PLC

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2024

8 FINANCE INCOME

	31 Dec 2024	31 Dec 2023
	US '000s	US '000s
Interest income from financial institutions	2,555	2,365
Interest income from non-financial institutions	197	449
Fair value gain on financial derivatives	-	645
Finance income from discounting non-current deposits to fair value	315	332
Gain on repurchases of unsecured notes	-	311
Gain on early full repayment of borrowings	1,084	161
	4,151	4,263

9 FINANCE EXPENSES

	31 Dec 2024	31 Dec 2023
	US '000s	US '000s
Interest expense on borrowings	8,447	10,125
Interest expense on unsecured notes	13,677	15,555
Amortisation of loan transaction cost	699	543
Amortisation of interest expense on non-current deposits	314	326
Fair value loss on financial derivatives	2,002	-
Others	157	114
	25,296	26,663

10 RELATED PARTY TRANSACTIONS

Significant related party transactions:

	31 Dec 2024	31 Dec 2023
	US '000s	US '000s
Entities controlled by key management personnel (including directors):		
Lease liability paid	(175)	(164)
Consulting fee expense	(221)	(205)
Maintenance service	-	(7)
Service fee income	41	37

AVATION PLC

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

11 PROPERTY, PLANT AND EQUIPMENT

	Furniture and equipment	Jet aircraft	Turboprop aircraft	Total
	US '000s	US '000s	US '000s	US '000s
31 December 2024:				
<i>Cost or valuation:</i>				
At 1 July 2024	102	850,755	289,411	1,140,268
Additions	-	-	19,077	19,077
Disposals	-	-	(19,077)	(19,077)
Revaluation recognised in equity	-	709	(1,335)	(626)
At 31 December 2024	102	851,464	288,076	1,139,642
Representing:				
At cost	102	-	-	102
At valuation	-	851,464	288,076	1,139,540
	102	851,464	288,076	1,139,642
<i>Accumulated depreciation and impairment:</i>				
At 1 July 2024	91	264,402	84,355	348,848
Depreciation expense	5	13,973	4,621	18,599
(Reversal of)/impairment loss	-	(1,603)	201	(1,402)
At 31 December 2024	96	276,772	89,177	366,045
<i>Net book value:</i>				
At 1 July 2024	11	586,353	205,056	791,420
At 31 December 2024	6	574,692	198,899	773,597

AVATION PLC**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2024****11 PROPERTY, PLANT AND EQUIPMENT (continued)**

	Furniture and equipment	Jet aircraft	Turboprop aircraft	Total
	US '000s	US '000s	US '000s	US '000s
30 June 2024:				
<i>Cost or valuation:</i>				
At 1 July 2023	97	851,435	310,169	1,161,701
Additions	5	-	-	5
Disposals	-	-	(17,692)	(17,692)
Revaluation recognised in equity	-	(680)	(3,066)	(3,746)
At 30 June 2024	102	850,755	289,411	1,140,268
Representing:				
At cost	102	-	-	102
At valuation	-	850,755	289,411	1,140,166
	102	850,755	289,411	1,140,268
<i>Accumulated depreciation and impairment:</i>				
At 1 July 2023	81	230,783	85,366	316,230
Depreciation expense	10	27,794	9,447	37,251
Disposals	-	-	(10,206)	(10,206)
(Reversal of)/impairment loss	-	5,825	(252)	5,573
At 30 June 2024	91	264,402	84,355	348,848

Net book value:

At 1 July 2023	16	620,652	224,803	845,471
At 30 June 2024	11	586,353	205,056	791,420

Assets pledged as security

The Group's aircraft and aircraft held under asset for sale with carrying values of US 625 million (30 June 2024: US 638.0 million) are mortgaged to secure the Group's borrowings (Note 20).

Additions and Disposals

During the period, the Group purchased and sold 1 turboprop aircraft and recognised a gain on disposal of US 1.7 million.

AVATION PLC

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2024

11 PROPERTY, PLANT AND EQUIPMENT (continued)

Geographical analysis

31 Dec 2024	Europe US '000s	Asia Pacific US '000s	Total US '000s
Capital expenditure	19,077	-	19,077
Net book value - aircraft	214,717	558,874	773,591
30 Jun 2024	Europe US '000s	Asia Pacific US '000s	Total US '000s
Capital expenditure	-	5	5
Net book value - aircraft	217,480	573,929	791,409

12 TRADE AND OTHER RECEIVABLES

	31 Dec 2024 US '000s	30 Jun 2024 US '000s
Current		
Trade receivables	8,290	8,162
Less:		
Allowance for expected credit losses	(415)	(312)
	7,875	7,850
Accrued revenue	2,277	1,939
Less:		
Allowance for expected credit losses	(6)	(6)
	2,271	1,933
Other receivables	1,103	5,533
Less:		
Allowance for expected credit losses	(55)	(251)
	1,048	5,282
Interest receivables	654	518
Less:		
Allowance for expected credit losses	(20)	(19)
	634	499
Deposits	549	49
Prepaid expenses	294	263
	12,671	15,876
Non-current:		
Other receivables	213	570

Other receivables	210	370
Right-of-use assets	251	369
	464	939

AVATION PLC

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2024

13 FINANCE LEASE RECEIVABLES

Future minimum lease payments receivable under finance leases are as follows:

	31 Dec 2024		30 Jun 2024	
	Minimum lease payments	Present value of payments	Minimum lease payments	Present value of payments
	US '000s	US '000s	US '000s	US '000s
Within one year	2,632	1,696	29,907	28,659
Less:				
Allowance for expected credit losses	(22)	(22)	(15)	(15)
	2,610	1,674	29,892	28,644
One to two years	9,032	8,413	2,430	1,625
Two to three years	3,657	3,546	11,405	11,129
Three to four years	-	-	-	-
Four to five years	-	-	-	-
Later than five years	-	-	-	-
Total minimum lease payments	15,299	13,633	43,727	41,398
Less: amounts representing interest income	(1,666)	-	(2,329)	-
Present value of minimum lease payments	13,633	13,633	41,398	41,398

14 GOODWILL

The Group performs its annual impairment test in June and when circumstances indicate the carrying value may be impaired. For the purpose of these financial statements there was no indication of impairment. The key assumptions used to determine the recoverable amount for the different cash generating units were disclosed in the annual consolidated financial statements for the year ended 30 June 2024.

15 DERIVATIVE FINANCIAL ASSETS/LIABILITIES

	Contract/ notional amount		Fair value	
	31 Dec 2024	30 Jun 2024	31 Dec 2024	30 Jun 2024
	US '000s	US '000s	US '000s	US '000s
Derivative financial assets - non-current				
Interest rate swap	140,734	162,741	4,419	7,505
Cross-currency interest rate swap	-	4,000	-	591
	140,734	166,741	4,419	8,096
Derivative financial liabilities				
Share warrants	-	-	3,969	2,037

AVATION PLC

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2024

15 DERIVATIVE FINANCIAL ASSETS/LIABILITIES (continued)

Hedge accounting has been applied for interest rate swap contracts and cross-currency interest rate swap contracts which have been designated as cash flow hedges.

The Group pays fixed rates of interest of 3.38% to 3.68% per annum and receives floating

The Group pays fixed rates of interest of 2.3% to 2.6% per annum and receives floating rate interest equal to 1-month to 3-month SOFR under the interest rate swap contracts.

The swap contracts mature between 15 February 2026 and 24 May 2029.

Changes in the fair value of these interest rate swap and cross-currency interest rate swap contracts are recognised in the fair value reserve. The net fair value loss net of tax of US 3.2 million (31 December 2023: loss of US 4.2 million) on these derivative financial instruments was recognised in the fair value reserve for the period.

The Group entered into Euro denominated lease agreements which create exposure to variability in cash flows due movements in the EUR:USD exchange rate. To hedge its exposure to variable cash flows resulting from changes in EUR:USD spot rates, the Group has arranged Euro denominated financing which reduces overall exposure to variable cash flows to the extent that lease receipts and debt service cashflows are matched. The Group is making use of a non-derivative hedging instrument and has designated the cash flows with respect to the loan interest and principal repayment (hedging instrument) against a specific portion of the lease receivable (hedged item).

Unrealised foreign exchange gains and losses arising on Euro denominated loans designated as cash flow hedges are recognised in the foreign currency hedge reserve. Unrealised foreign exchange gains and losses recorded in the foreign currency hedging reserve are systematically re-cycled through profit or loss over the remaining term of the related loan on a straight-line basis.

The share warrants consist of 5,755,908 (30 June 2024: 5,857,408) share warrants granted to the holder of the unsecured notes to subscribe for the ordinary shares of the Company exercisable to 31 October 2026 at a price of 114.5 pence per share (including cashless exercise option).

AVATION PLC

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2024

16 PRE-DELIVERY AIRCRAFT DEPOSITS PAID

	30 Dec 2024	30 Jun 2024
	US '000s	US '000s
Current	10,280	8,520
Non-current	18,125	21,813
	28,405	30,333
Pre-delivery aircraft deposits paid, at fair value:		
At 1 July 2024/ 1 July 2023	30,333	8,139
Additions	4,536	2,268
Transfer from aircraft purchase rights	-	28,500
Transfer to property, plant and equipment upon delivery of aircraft	(3,395)	-
Unrealised loss	(3,069)	(8,574)
At 31 December/30 June	28,405	30,333

17 AIRCRAFT PURCHASE RIGHTS

	31 Dec 2024	30 Jun 2024
	US '000s	US '000s
Aircraft purchase rights, at fair value:		
At 1 July 2024/ 1 July 2023	112,780	85,820
Unrealised (loss)/gain	(12,320)	55,460
Transfer to pre-delivery aircraft deposits paid	-	(28,500)
At 31 December/30 June	100,460	112,780

The Group has determined that it would seek to dispose of excess aircraft purchase rights over and above its requirement to acquire additional aircraft for its fleet. The Group accounts for aircraft purchase rights at fair value through profit or loss.

AVATION PLC
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2024

18 INVESTMENT IN EQUITY, FAIR VALUE THROUGH PROFIT OR LOSS

	31 Dec 2024	30 Jun 2024
	US '000s	US '000s
Non-listed equity, at fair value		
At 1 July 2024/ 1 July 2023	10,745	11,235
Unrealised loss	(124)	(490)
At 31 December/30 June	10,621	10,745

The Group received 8,014,602 ordinary shares from an airline customer as part of the airline's restructuring plan during the year ended 30 June 2022. The Group entered into an agreement to exchange 8,014,602 ordinary shares in Philippine Airlines, Inc. with 124,787,353 ordinary shares in PAL Holdings, Inc. during the previous year. The exchange of shares has been completed on January 2025.

19 SHARE CAPITAL AND TREASURY SHARES

(a) **Share capital**

	31 Dec 2024		30 Jun 2024	
	No of shares	US '000s	No of shares	US '000s
Allotted, called up and fully paid Ordinary shares of 1 penny each:				
At 1 July 2024/ 1 July 2023	70,878,124	1,182	70,883,124	1,182
Issue of shares	3,793,762	48	60,000	1
Cancellation	-	-	(65,000)	(1)
At 31 December/30 June	74,671,886	1,230	70,878,124	1,182

During the period, the Company issued 3,793,762 ordinary shares of 1 penny each at exercise prices ranging from 102 pence to 130 pence following the exercise of warrants by warrant holders raising total gross proceeds of US 6.1 million.

The holders of ordinary shares (except for treasury shares) are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions.

AVATION PLC
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2024

19 SHARE CAPITAL AND TREASURY SHARES (continued)

(b) **Treasury shares**

	31 Dec 2024		30 Jun 2024	
	No of shares	US '000s	No of shares	US '000s
At 1 July 2024/ 1 July 2023	-	-	-	-
Acquired during the period	7,800,000	14,962	65,000	95
Cancellation	-	-	(65,000)	(95)
At 31 December/30 June	7,800,000	14,962	-	-

During the six months ended 31 December 2024, the Company bought 7,800,000 treasury shares at a market price of 150 pence per share.

(c) **Net asset value per share**

	31 Dec 2024	30 Jun 2024
Net asset value per share (US) ⁽¹⁾	3.67	3.62
Net asset value per share (GBP) ⁽²⁾	<u>£2.94</u>	<u>£2.85</u>

(1) Net asset value per share is total equity divided by the total number of shares issued and outstanding at period end.

(2) Based on GBP:US exchange rate as at 31 December 2024 of 1.25 (30 June 2024: 1.27).

AVATION PLC

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2024**

20 LOANS AND BORROWINGS

	31 Dec 2024	30 Jun 2024
	US '000s	US '000s
Secured borrowings	328,666	372,785
Unsecured notes	309,776	302,309
Total loans and borrowings	638,442	675,094
Less: current portion	(55,948)	(49,668)
Non-current loans and borrowings	582,494	625,426

	Maturity		Weighted average interest rate per annum	
	31 Dec 2024	30 Jun 2024	31 Dec 2024	30 Jun 2024
			%	%
Secured borrowings	2025-2031	2025-2031	4.85%	4.80%
Unsecured notes	2026	2026	8.25%	8.25%

Secured borrowings are secured by first ranking mortgages over the relevant aircraft, security assignments of the Group's rights under leases and other contractual agreements relating to the aircraft, charges over bank accounts in which lease payments relating to the aircraft are received and charges over the issued share capital of certain subsidiaries.

AVATION PLC

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2024**

21 MAINTENANCE RESERVES

	31 Dec 2024	30 Jun 2024
	US '000s	US '000s
Current:		
Maintenance reserves	<u>34,004</u>	<u>62,153</u>
Non-current:		

Maintenance reserves	78,134	53,817
Maintenance lease contribution	19,453	19,453
	97,587	73,270
Total maintenance reserves	131,591	135,423

	31 Dec 2024	30 Jun 2024
	US '000s	US '000s
At 1 July 2024/ 1 July 2023	135,423	113,489
Contributions	17,129	34,152
Utilisations	(5,004)	(6,285)
Released to profit or loss	(9,270)	(5,933)
Transfer to buyer	(6,687)	-
At 31 December/30 June	131,591	135,423

During the six months ended 31 December 2024, maintenance reserves of US 9.3 million were released to profit or loss as income.

22 CAPITAL COMMITMENTS

Capital expenditure contracted for at the reporting date but not recognised in the financial statements is as follows:

	31 Dec 2024	30 Jun 2024
	US '000s	US '000s
Property, plant and equipment	229,268	249,481

Capital commitments represent amounts due under contracts entered into by the Group to purchase aircraft. The company has paid deposits towards the cost of these aircraft which are included in pre-delivery aircraft deposits paid.

As at 31 December 2024, the Group has commitments to purchase eleven ATR 72-600 aircraft from the manufacturer with expected delivery dates ranging from 2025 to 2028.

AVATION PLC

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2024

23 CONTINGENT LIABILITIES

There were no material changes in contingent liabilities since 30 June 2024.

24 DIVIDENDS

	31 Dec 2024	31 Dec 2023
	US '000s	US '000s
<i>Paid during the period:</i>		
<i>Dividends on ordinary shares</i>		
-Final (one-tier) dividend for 0.63 US cents (31 December 2023: Nil) per share	450	-

Dividends are recognised as liabilities when they are approved for payment.

25 SUBSEQUENT EVENTS

Subsequent to the period end, the Group has signed a Term Loan A-style US 85 million expandable portfolio financing facility (the "Facility") in collaboration with a major international bank. This strategic Facility will initially support the refinancing of select aircraft in Avation's fleet, with the flexibility to finance additional aircraft, subject to lender approval.

AVATION PLC
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2024

PRINCIPAL RISKS

The Group's risk management processes bring greater judgement to decision making as they allow management to make better, more informed and more consistent decisions based on a clear understanding of risk involved. We regularly review the risk assessment and monitoring process as part of our commitment to continually improve the quality of decision-making across the Group.

The principal risks and uncertainties which may affect the Group in the second half of the financial year will include the typical risks associated with the aviation business, including but not limited to any downturn in the global aviation industry, fuel costs, finance costs, war and extremism and the like which may affect our airline customers' ability to fulfil their lease obligations.

The business also relies on its ability to source finance on favourable terms. Should this supply of finance contract, it would limit our fleet expansion and therefore growth.

GOING CONCERN

After making enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements. The financial risk management objectives and policies of the Group and the exposure of the Group to credit risk and liquidity risk are discussed in the annual report for the Group for the year ended 30 June 2024.

DIRECTORS

The directors of Avation PLC are listed in its Annual Report for the year ended 30 June 2024. A list of the current directors is maintained on the Avation PLC website: www.avation.net

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors confirm that, to the best of their knowledge, this condensed consolidated interim financial information have been prepared in accordance with UK-adopted IAS 34 and that the interim management report herein includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8 namely

- an indication of important events that have occurred during the first six months and their impact on the Interim Report, and a description required by the principal risks and uncertainties for the remaining six months of the financial year; and
- material related party transactions in the first six months and any material changes in the related party transactions described in the last annual report.

By order of the Board



Jeff Chatfield

Executive Chairman

Singapore, 24 February 2025



This information is provided by RNS, the news service of the London Stock Exchange. RNS is approved by the Financial Conduct Authority to act as a Primary Information Provider in the United Kingdom. Terms and conditions relating to the use and distribution of this information may apply. For further information, please contact rns@seg.com or visit www.rns.com.

RNS may use your IP address to confirm compliance with the terms and conditions, to analyse how you engage with the information contained in this communication, and to share such analysis on an anonymised basis with others as part of our commercial services. For further information about how RNS and the London Stock Exchange use the personal data you provide us, please see our [Privacy Policy](#).

END

IR MZGZZNKKGKZG