avation PLC

CELEBRATING 20 YEARS

ANNUAL REPORT



2026

AVATION PLC

DIRECTORS' REPORT AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30 JUNE 2026

REGISTERED NUMBER: 05872328 (ENGLAND & WALES)

AVATION PLC

CONTENTS
FOR THE YEAR ENDED 30 JUNE 2026

Company Information 1

Chairman's Statement ..... 2 – 4

Strategic Report ..... 5 - 25

Directors' Report ..... 26 – 30

Directors' Remuneration Report ..... 31 – 41

Directors' Responsibilities Statement ..... 42 - 43

Auditor's Report ..... 44 - 54

Consolidated Statement of Profit or Loss 55

Consolidated Statement of Comprehensive Income 56

Consolidated Statement of Financial Position ..... 57 - 58

Company Statement of Financial Position 59

Consolidated Statement of Changes in Equity ..... 60 – 61

Company Statement of Changes in Equity ..... 62 - 63

Consolidated Statement of Cash Flows 64

Company Statement of Cash Flows 65

Notes to the Financial Statements ..... 66 - 140

AVATION PLC

COMPANY INFORMATION
FOR THE YEAR ENDED 30 JUNE 2026

DIRECTORS:	Robert Jeffries Chatfield Roderick Douglas Mahoney Stephen John Fisher (resigned on 26 November 2025) Derek Sharples Mark Stephen Shelton Peter Richard Davis (appointed on 26 February 2026)
COMPANY SECRETARIES:	Duncan Gerard Stephen Scott Jasmine Siow Fui San
REGISTERED OFFICE:	5 Fleet Place London EC4M 7RD United Kingdom
PRINCIPAL PLACE OF BUSINESS:	65 Kampong Bahru Road Singapore 169370
AUDITOR:	Ernst & Young Two Wilton Park Wilton Place Dublin 2 D02 YE35 Ireland
SOLICITORS:	Charles Russell Speechlys LLP 5 Fleet Place London EC4M 7RD United Kingdom
REGISTRAR:	Computershare Investor Services PLC The Pavilions Bridgewater Road Bristol BS99 6ZZ United Kingdom

AVATION PLC

CHAIRMAN'S STATEMENT
FOR THE YEAR ENDED 30 JUNE 2026

Financial Highlights

- Revenue remained stable at US$110.1 million (2025: US$110.1 million);
- Operating profit increased by 38.4% to US$64.3 million (2025: US$46.4 million), delivering US$17.9 million of year-on-year growth;
- In November 2025 Avation Group (S) Pte Ltd issued US$300 million 8.5% unsecured notes due May 2031. The proceeds were used to fully redeem the group's outstanding 8.25% unsecured notes due in 2026;
- Return to profitability, with profit after tax of US$8.4 million (2025: US$7.7 million loss), a US$16.1 million year-on-year improvement;
- Lease yield[1] was 10.7% (2025: 11.3%), with the reduction reflecting the typically lower rental rate on one extension lease and short periods of non-utilisation during the transition of two aircraft;
- Operating cash flow decreased to US$30.8 million (2025: US$91.5 million), reflecting the timing of movements in maintenance reserves and trade and finance lease receivables;
- Ten aircraft were unencumbered as at 30 June 2026 (30 June 2025: six);
- Net indebtedness reduced by 13.3% to US$523.7 million (30 June 2025: US$604.2 million);
- Total year-end cash and bank balances were US$105.0 million (30 June 2025: US$130.0 million);
- S&P Global Ratings upgraded the Group's long-term issuer credit rating from 'B-' to 'B' in the year;
- Basic earnings per share were 13.36 cents (2025: -11.22 cents);
- Net asset value per share increased by 19.9% to US$4.39 (£3.33) from US$3.66 (£2.67) in the prior year; and
- An interim dividend of 1.5 US cents per share was declared for the year (30 June 2025: 1.0 US cents), representing a 50% increase on the prior year.

Operational Activity

- In October 2025 the Company agreed a four-year extension to a lease for an Airbus A330-300 widebody aircraft with EVA Air. The lease will now run to November 2031;
- In September 2025 Avation sold a Boeing 777-300ER widebody aircraft, realising a gain of US$4.1 million;
- The first two ATR 72-600 aircraft in Avation's ATR aircraft orderbook were placed on lease with new airline customers in South Korea and Cambodia. The aircraft were delivered in December 2025 and June 2026 respectively;
- Five ATR 72-600 aircraft were transitioned to new leases in the year to 30 June 2026; and
- In July 2026, subsequent to the year-end, Avation signed a six-year lease for two ATR 72-600 aircraft with Finnair, the flag carrier airline of Finland, following the transition of the aircraft from a former customer.

Business review

The financial year ended 30 June 2026 was a significant year of progress for Avation, with the Group delivering a strong profit before tax of US$10.0 million (2025: US$9.7 million loss). Operating profit increased by 38.4% to US$64.3 million, supported by the continued positive contribution from the aircraft leasing portfolio, a significant reduction in unrealised losses on aircraft purchase rights and pre-delivery aircraft deposits, the gain on disposal of a Boeing 777-300ER and lower financing costs. During the year, the Group:

- successfully agreed a four-year extension to a lease for an Airbus A330-300;
- realised a US$4.1 million gain on the sale of a Boeing 777-300ER;
- took delivery of two new ATR 72-600 aircraft which were placed on 12-year leases with new customers;
- transitioned five further ATR 72-600 aircraft onto leases with other customers;
- converted five of Avation's 24 purchase rights into firm orders for ATR 72-600 aircraft under the long-term purchase contract with ATR, strengthening the trajectory of growth for the future.

Avation maintained a highly utilised fleet throughout the year, with only two aircraft off-lease for part of the year. After the financial year-end, both aircraft were transitioned onto new six-year leases with Finnair, the flag carrier airline of Finland, demonstrating Avation's ability to manage and execute aircraft

[1] Lease yield is the annualised lease rental income generated by the aircraft portfolio as a percentage of the average carrying value of the aircraft.

transitions efficiently. Subsequent to the financial year-end, airBaltic announced Chapter 11 proceedings. Avation leases four aircraft to airBaltic, with some or all of the aircraft potentially remaining with the airline or being transitioned to other airline customers in due course, depending on the outcome of the restructuring.

A September 2026 review of aircraft market values, using external market data, indicated that aggregate market values of the Group's fleet were within 1% of net book value at 30 June 2026.

Cash generation was strong, enabling the Group to further reduce debt, achieving a reduction to 52.3% in the ratio of net debt to total assets as at 30 June 2026 (30 June 2025: 54.8%). In November 2025, Avation also successfully issued US$300 million 8.5% unsecured notes due May 2031. The proceeds were used to fully redeem the Group's outstanding 8.25% unsecured notes due in 2026 and strengthen the Group's liquidity and funding capacity to support future growth.

S&P Global Ratings raised its long-term issuer credit rating from 'B-' to 'B', Moody's affirmed its first-time B1 Corporate Family Rating (CFR) with a stable outlook and Fitch Ratings affirmed its long-term issuer default rating at 'B' with a stable outlook.

Avation plans to grow its business in a prudent and strategic manner. During the year, Avation exercised five purchase rights, increasing its firm ATR 72-600 order from 10 to 15 aircraft. The first two of the 15 new ATR 72-600 aircraft on firm order were placed with new customers in the financial year. Avation expects to continue to place its orderbook of aircraft in a timely manner. Avation also holds an additional 19 purchase rights, providing opportunities for further fleet growth.

Market Positioning

Avation's long-term strategy is to deliver sustainable growth and diversification through the addition of new airline customers and the expansion of its fleet of modern commercial passenger aircraft, while maintaining a low average aircraft age and long remaining lease terms. Avation focuses on new and relatively new commercial passenger aircraft on long-term leases, with a particular focus on the turboprop and narrow-body segments.

Avation's business model involves rigorous investment criteria designed to mitigate the risks associated with the aircraft leasing sector. Avation typically seeks to sell mid-life and older aircraft and redeploy capital into newer assets. This approach is intended to mitigate technology change risk and operational and financial risk, while supporting sustainable growth and long-term shareholder value.

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

Funding for aircraft acquisitions is sourced from a combination of capital markets, asset-backed lending, operational cash flows and aircraft disposals. Access to appropriately priced and diversified funding is an important component of Avation's business model.

Avation supports the transition of the aviation industry towards more fuel-efficient aircraft and technologies capable of reducing CO2 emissions on a net basis. Avation's focus on newer-generation aircraft, including the ATR 72-600, supports the continued improvement in the fuel efficiency and emissions profile of its fleet.

Principal risk 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 those resulting from war, acts of extremism, pandemics and natural disasters; regulatory risks arising 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.

AVATION PLC

CHAIRMAN'S STATEMENT
FOR THE YEAR ENDED 30 JUNE 2026

Outlook

The global aviation market experienced a period of increased volatility during the year ended 30 June 2026, with the outbreak of hostilities in the Middle East affecting passenger demand, fuel prices and airline operations. According to the International Air Transport Association (IATA), global passenger demand is forecast to increase by 2.1% in 2026, with Asia-Pacific demand forecast to increase by 5.1%. While near-term growth has moderated, IATA's longer-term projections indicate continued expansion in global air travel, with passenger demand forecast to grow at an average annual rate of approximately 3.1% between 2024 and 2050.

Aircraft supply constraints also continue to affect the aviation industry. According to IATA, the global aircraft order backlog reached approximately 18,100 aircraft in May 2026, equivalent to almost 60% of the active fleet, while the industry continues to face an accumulated delivery shortfall of approximately 5,600 aircraft. Aircraft deliveries remain below the levels required to address this shortfall, continuing to constrain airline fleet growth and supporting demand for aircraft available through the leasing market.

This market environment has continued to support aircraft values and lease rates. Avation has seen an increase in aircraft values and in lease rates for both new and second-hand commercial aircraft during the year.

Avation will continue to focus on placing the remaining ATR 72-600 aircraft with new and existing airline customers and identifying opportunities to grow and diversify its customer base. Avation expects to continue the gradual transition of its portfolio towards newer-generation, fuel-efficient aircraft. Aircraft delivered from Avation's ATR orderbook are fitted with Pratt & Whitney Canada PW127XT engines, providing improved fuel efficiency and maintenance characteristics compared with previous-generation engines. Avation also expects to continue to develop its portfolio of narrow-body aircraft, including the Airbus A220 and A320neo family, alongside its ATR turboprop fleet.

Following the year-end, Avation entered into a committed US$100 million warehouse facility, providing additional funding capacity to support aircraft acquisitions and the continued growth of the fleet. Avation will continue to maintain a diversified funding base and assess opportunities to optimise its capital structure, including potential bond repurchases where appropriate.

Avation remains focused on disciplined investment, sustainable growth and customer diversification, while maintaining a modern and competitive fleet and identifying opportunities to support long-term shareholder value.



Robert Jeffries Chatfield
Executive Chairman
Singapore
19 October 2026

AVATION PLC

STRATEGIC REPORT
FOR THE YEAR ENDED 30 JUNE 2026

The Directors present their strategic report for the year ended 30 June 2026.

BUSINESS OVERVIEW

Avation PLC ("the Company") and its subsidiaries (together, "the Group") are collectively referred to as "Avation" and comprise a commercial passenger aircraft leasing group operating a fleet of 33 aircraft, as of 30 June 2026. The Company was founded in 2006 and has recently celebrated its 20th anniversary. Avation leases aircraft to 16 airline customers spread across 16 countries in Europe and the Asia-Pacific region. Major customers include Vietjet Air, Cebu Pacific, EVA Air, Etihad, easyJet and Finnair, the latter signing a lease for two ATR 72-600 in July 2026. The Group's fleet includes 13 narrow-body jets, one twin-aisle jet and 19 ATR 72 twin-engine turboprop aircraft. An analysis of the fleet is provided below under "Fleet Overview".

Avation operates from its headquarters in Singapore where it is tax resident and, since 2014, a beneficiary of the Singapore Aircraft Leasing Scheme ("ALS") tax incentive. In August 2024 Avation was granted a further five-year extension to its ALS tax incentive at a reduced tax rate of 8%.

Avation's management team has extensive experience in the aviation industry and has the expertise to select, acquire and manage aircraft that have achieved strong operational performance for its customers and generated stable returns for its shareholders. The Company maintains in-house commercial, legal, technical and finance teams and operates as a full-service aircraft leasing platform.

Avation aims to grow its fleet and continue to diversify its customer base over the coming years. The Group has 13 ATR 72-600 aircraft on order from the manufacturer, which are currently scheduled to be delivered between the second half of 2026 and the end of 2029 and holds purchase rights for a further 19 ATR aircraft. The Group may also acquire additional new and second-hand jet aircraft on an ad-hoc basis. Older aircraft in the portfolio are considered for sale when opportunities arise, supporting the objective of maintaining a low average fleet age.

Avation's ordinary shares are traded on the Main Market of the London Stock Exchange under the ticker symbol LSE: AVAP.

BUSINESS MODEL

Avation aims to grow its fleet and build long-term shareholder value by focusing on

a) new turboprop regional aircraft, principally the popular and fuel-efficient ATR 72-600 model; and
b) new and second-hand narrow-body jets, in particular the popular Airbus A320/A321, A220 and Boeing 737 aircraft families.

The Group will also consider acquiring additional twin-aisle aircraft as part of its strategy to build a diversified portfolio of aircraft. Owning a diversified portfolio of aircraft types is intended to mitigate overall market and residual value risk. As the fleet grows, the Group seeks to continually diversify its customer base as part of its overall credit risk management strategy.

Avation has developed a sustainable, lower-emission aircraft growth strategy, supported by its investment in new-generation ATR 72-600 aircraft equipped with Pratt & Whitney Canada PW127XT engines. Two aircraft have already been delivered with these engines, which provide improved fuel efficiency compared with the previous-generation engine. ATR 72 aircraft have also demonstrated the potential for Sustainable Aviation Fuel (SAF), with an ATR 72-600 completing the first commercial flight using 100% SAF in both engines in 2022. ATR is also developing future aircraft incorporating hybrid-electric technology and designed to operate with 100% SAF, supporting the continued transition towards lower-emission regional aviation.

Avation's future business strategy will be to focus on leasing modern, low CO2 emissions, fuel-efficient aircraft. Avation anticipates gradually trading out of older aircraft types and focusing on aircraft types such as the Airbus NEO and A220 series in addition to ATR 72 aircraft with its new generation engines. 70% of Avation's portfolio already comprises Airbus A220 and ATR 72 aircraft, reflecting its commitment to supporting the transition towards new technology and lower emission aviation.

Avation's ATR 72 deliveries from 2025 onwards are powered by the new Pratt and Whitney Canada PW127XT engine which provides a 20% reduction in maintenance costs, extended time on wing, 3% lower fuel consumption and 5% more power compared with the previous engine. The PW127XT engine is capable of operating with a 50% SAF blend with Pratt & Whitney Canada working towards 100% readiness. When using 100% SAF, net emissions of CO2 will be reduced by 80% through the fuel lifecycle.

Industry data indicates that airlines will require significant numbers of leased aircraft to replace older aircraft as they are retired and to meet projected growth in air travel demand. The financial impact of the COVID-19 pandemic also reduced the ability of some airlines to fund aircraft purchases directly, supporting continued demand for aircraft leasing and Avation's strategy of focusing on young, popular commercial aircraft and its long-term growth strategy.

The Group finances the acquisition of new aircraft using internally generated cash flows, senior and junior secured debt finance, the issuance of unsecured notes under its recently updated Global Medium-Term Note programme and the issuance of new ordinary shares on the London Stock Exchange. The Group seeks to optimise its balance sheet and overall cost of funding while maintaining appropriate leverage ratios. Debt secured against older aircraft may be re-financed when this provides an opportunity to reduce the Group's overall cost of debt, and to release equity for investment in newer aircraft.

The Board applies prudent financial management principles when acquiring aircraft, seeking to match the term and currency of lease and financing arrangements. Interest rate risk is managed primarily through fixed or hedged interest rate debt. Secured loans are generally amortised to conservative balloon payments over the term of the underlying leases.

FLEET OVERVIEW

Aircraft Type	30 June 2026	30 June 2025
ATR 72-600	15	13
ATR 72-500	4	4
Airbus A220-300	4	5
Airbus A320-200	3	3
Airbus A321-200	6	6
Airbus A330-300	1	1
Boeing 777-300ER	0	1
Total	**33**	**33**

At 30 June 2026, Avation's fleet comprised 33 aircraft, including three aircraft on finance lease. Avation serves 16 customers in 16 countries. The weighted average age of the fleet is 9.1 years by net book value (30 June 2025: 8.5 years) and the weighted average remaining lease term is 3.8 years by net book value (30 June 2025: 3.9 years).

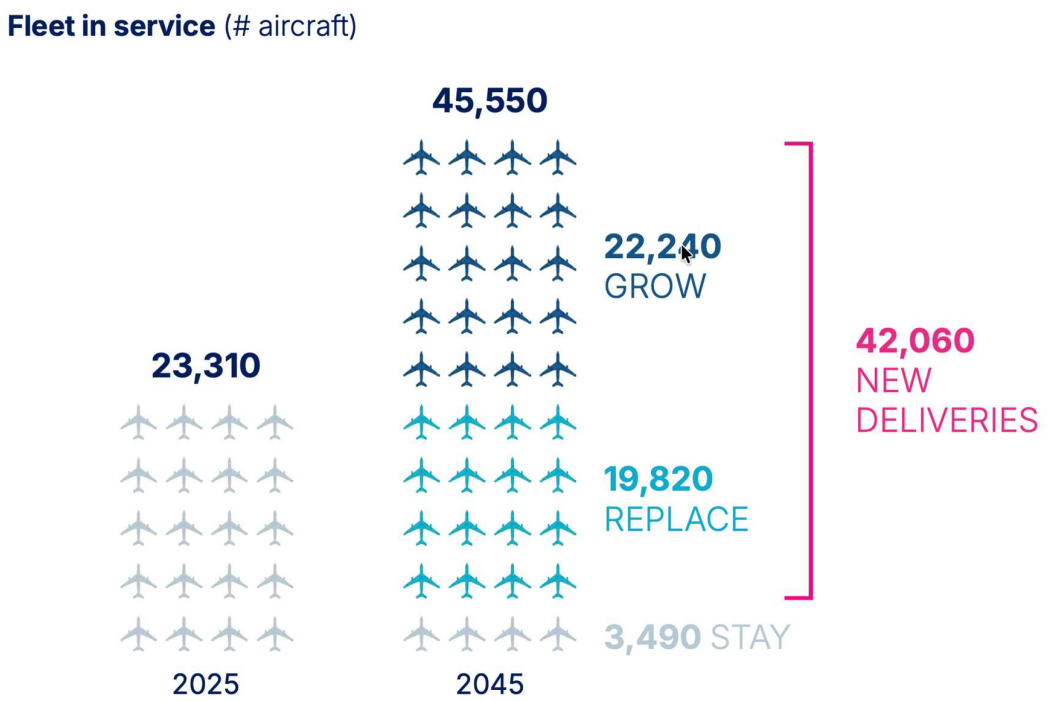
Fleet assets decreased by 8.9% to US$746.9 million as at 30 June 2026 (30 June 2025: US$819.8 million), primarily as a result of aircraft sales, depreciation and the write-off of one aircraft, partially offset by new aircraft deliveries and fair value movements. Narrowbody aircraft and turboprops represented 59% and 32% of fleet assets, respectively, as at 30 June 2026.

During the year, one Boeing 777-300ER aircraft was sold, one Airbus A220-300 aircraft was written off and a full insurance claim was made, and two new ATR 72-600 aircraft were delivered to new customers. As at the date of this report, Avation has committed leases on all of its aircraft.

Avation has orders for 13 new ATR 72-600 aircraft and purchase rights for a further 19 aircraft as at 30 June 2026. The orderbook and purchase rights provide a pathway to future fleet growth.

COMMERCIAL AVIATION MARKET OUTLOOK

The long-term outlook for commercial aviation remains strong. While the conflict in the Middle East has caused disruption to air travel in the near term, the latest long-term forecasts from Airbus and Boeing indicate that the underlying growth outlook for commercial aviation remains resilient. Airbus forecasts demand for 42,060 new aircraft over the next 20 years, while Boeing forecasts approximately 43,600 new aircraft over the same period. Airbus expects global passenger traffic to grow by approximately 3.9% per annum through 2045, with the global passenger fleet almost doubling from approximately 23,300 aircraft at the end of 2025 to 45,550 aircraft by 2045.



Source: Airbus GMF 2026, Cirium May 2026
Notes: Passenger aircraft only (≥ 100 seats)
Figures rounded to nearest 10 | totals rounded separately

A significant proportion of this demand will be driven by fleet replacement as well as fleet growth. Airbus forecasts that 19,820 aircraft will replace older aircraft, with a further 22,240 aircraft required to support fleet expansion. Approximately 81% of new aircraft demand is expected to be for single-aisle aircraft, reflecting the continued importance of short- and medium-haul air travel.

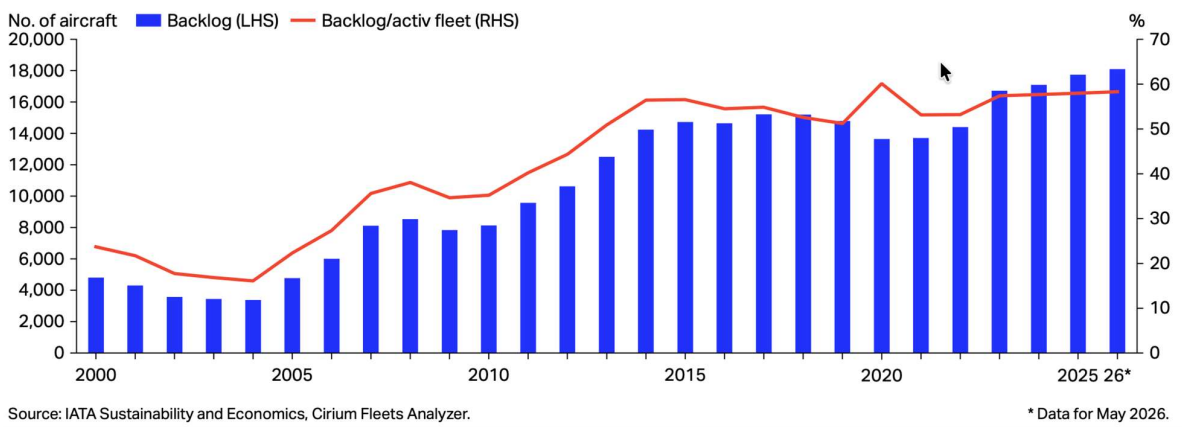
Asia-Pacific is expected to be a major source of future passenger traffic and aircraft demand. Airbus identifies Asia-Pacific as one of the fastest-growing regions, with particularly strong growth expected in markets including India, Vietnam, Indonesia and Malaysia. This is particularly relevant to Avation given its established customer base in the region and its focus on aircraft serving regional and short-haul markets.

Asia leads the demand for passenger aircraft



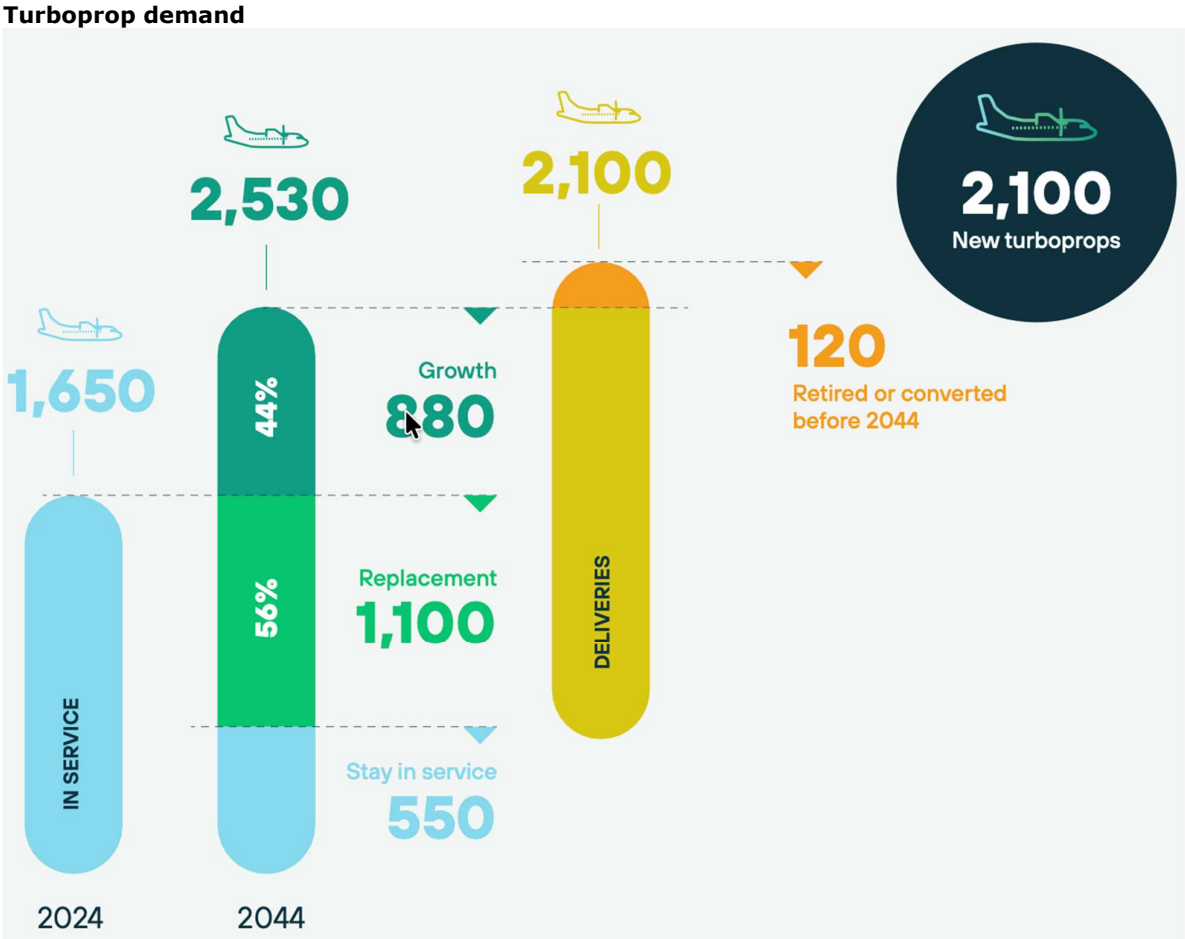
At the same time, the commercial aircraft manufacturing industry continues to face significant supply constraints. IATA reported an aircraft order backlog of approximately 18,100 aircraft in May 2026, equivalent to almost 60% of the active global fleet, together with an accumulated delivery shortfall of approximately 5,600 aircraft. The continued gap between underlying airline demand and aircraft production is expected to support demand for aircraft available through the leasing market.

Aircraft order backlog and its relation to the active fleet



Within this broader market, turboprops continue to play an important role in regional aviation. ATR forecasts demand for approximately 2,100 new passenger turboprops and 500 turboprop freighters through 2045, with Asia-Pacific representing a significant market for new turboprop aircraft. Turboprops remain well suited to shorter regional routes, where their operating economics and ability to serve smaller airports provide important advantages.

Turboprop demand



Source: ATR Turboprop Market Forecast 2025-2044

These market trends support Avation's strategy of maintaining a diversified portfolio of newer-generation commercial aircraft, with a particular focus on ATR turboprops and narrow-body aircraft. Avation's established presence in Asia-Pacific, together with its ATR 72-600 orderbook and portfolio of Airbus A220 and A320neo family aircraft, positions Avation to participate in the long-term growth in regional and narrow-body air travel while benefiting from continued demand for aircraft in a supply-constrained market.

PRINCIPAL RISKS AND UNCERTAINTIES

The aircraft leasing sector is highly competitive and Avation is exposed to a number of market related, operational and financial risks. The Group is committed to mitigating business risk through the application of prudent risk management policies. The risks and uncertainties described below are those that the Group has identified as most significant to the business. Avation's Board of Directors is responsible for managing risk and reviews risk management policies regularly.

Market related risks:

Exposure to the airline industry

The Group's customers are commercial airlines which are financially exposed to the demand for passenger air travel. The financial condition of commercial airlines may weaken due to several factors including but not limited to local and global economic conditions, increased competition between airlines, speculative ordering of new aircraft, fuel prices, war, extremism, pandemics and natural disasters. If the financial condition of the Group's airline customers weakens for any reason, the Group may be exposed to increased risks of lessee default and lower lease rates for its aircraft.

Asset value risk

Fluctuations in the supply and demand for aircraft and aircraft travel may impact values of and lease rates for the Group's aircraft. Market forces and prevailing economic conditions may change over the economic lives of the Group's aircraft and could have a positive or negative impact on aircraft valuations.

Advances in aircraft technology may create obsolescence in the fleet before the end of their current estimated useful lives. The Group regularly obtains independent third-party valuations for its fleet and may dispose of aircraft in order to reduce its exposure to certain aircraft types. Avation has a policy of investing in popular aircraft types on the basis that asset values and lease rates will be supported by continuing high demand for these aircraft. Avation will consider acquiring additional twin-aisle aircraft, in addition to narrow-body jets and turboprops, as part of its strategy to build a diversified portfolio of aircraft. Twin-aisle aircraft have a risk profile which may be more exposed to technology change factors and the introduction of new more fuel-efficient models.

Operational risks:

Economic, legal and political risks

Avation leases aircraft to lessees in many different jurisdictions. As such the Group is exposed to economic, legal and political risk in those jurisdictions. Avation's aircraft are subject to operational risks specific to the aviation sector resulting from war, acts of extremism or the threat of extremism, and natural disasters. The Group mitigates these risks by requiring airline lessees to maintain adequate insurance over the aircraft.

Regulatory risks

Avation's fleet operates in many jurisdictions and complies with tax and other regulatory requirements in those jurisdictions. There is a risk that changing tax and regulatory regimes may have an impact on the business and the Group's financial results.

Lessee risks

Avation's airline lessees are responsible for all maintenance and safety checks. The requirements for each airline lessee to service and maintain the aircraft are set out in the lease agreements. There is a risk that airlines may not properly maintain aircraft which may lead to an impairment of the aircraft's value. In order to mitigate this risk, the Group closely monitors each airline's usage of aircraft and their compliance with agreed maintenance schedules. Avation requires that some lessees make maintenance reserve payments to the Group to ensure that there is adequate funding at all times for appropriate maintenance of the aircraft.

Financial risks:

Avation's financial risk management objectives and policies are set out in note 7 to the financial statements and are as follows:

- Airline industry risks
- Credit risk
- Interest rate risk
- Foreign currency risk
- Liquidity risk
- Capital risk

FINANCIAL REVIEW

US$ '000s	Year ended 30 June,	
	2026	**2025**
Revenue	110,093	110,099
Other income	1,987	2,448
	112,080	112,547
Operating profit	64,281	46,444
Profit/(Loss) before tax	10,039	(9,722)
Profit/(Loss) after tax	8,419	(7,716)
EPS (basic)	13.36c	(11.22c)

US$ '000s	30 June,	
	2026	**2025**
Fleet assets[2]	746,912	819,807
Total assets	1,001,835	1,101,935
Total cash and bank balances[3]	104,978	129,975
Cash and cash equivalents	52,441	48,102
EBITDA [4]	99,231	107,063
Funds from operations (FFO) [5]	58,564	62,186
Net asset value per share (US$)[6]	US$4.39	US$3.66
Net asset value per share (GBP)[7]	£3.33	£2.67

[2] Fleet assets are defined as property, plant and equipment plus assets held for sale plus finance lease receivables.

[3] Total cash and bank balances as at 30 June 2026 comprise cash and cash equivalents of US$52.4 million (2025: US$48.1 million) and restricted cash balances of US$52.5 million (2025: US$80.8 million).

[4] EBITDA is a non-GAAP measure of financial performance calculated as profit before tax plus finance expenses plus depreciation plus impairment charges plus unrealised loss on aircraft purchase rights and pre-delivery deposits paid. This alternative performance measure may not be comparable to other similarly titled measured reported by other companies.

[5] FFO is a non-GAAP measure of financial performance calculated as EBITDA minus interest expense minus current tax expense.

[6] Net asset value per share is total equity divided by the total number of shares in issue, excluding treasury shares.

[7] Based on GBP:USD exchange rate as at 30 June 2026 of 1.32 (30 June 2025:1.37).

Financial Analysis

Revenue

US$ '000s	Year ended 30 June,	
	2026	2025
Lease rental revenue	82,524	89,935
Less: amortisation of lease incentive assets	(1,672)	(3,141)
	80,852	86,794
Interest income from finance leases	805	1,219
Maintenance reserves income	21,565	22,086
End of lease compensation	6,871	-
	110,093	**110,099**

Lease rental revenue decreased by 8.2% to US$82.5 million in the year ended 30 June 2026 (2025: US$89.9 million). The decrease was principally due to the sale of a Boeing 777-300ER in September 2025 and the early termination of leases on two ATR 72-600 aircraft.

Interest income from finance leases decreased by 34.0% to US$0.8 million in the year ended 30 June 2026 (2025: US$1.2 million). The reduction was principally due to fewer aircraft on average leased on finance leases during the year ended 30 June 2026. There were three aircraft on finance leases at 30 June 2026.

Maintenance reserves were released to profit or loss as income of US$18.6 million in the year ended 30 June 2026 (2025: US$22.1 million) as the scope of some major maintenance events was reduced, resulting in lower reimbursements, and some major maintenance events are now not forecasted to occur during the term of the current leases. The remaining US$3.0 million of the maintenance reserves were released following the expiry and termination of related leases.

End of lease compensation represents contingent rents as set out in the revenue recognition accounting policy and arose in respect of three aircraft returned during the year.

Other income

US$ '000s	Year ended 30 June,	
	2026	2025
Foreign currency exchange gain	149	-
Claim recovery	-	682
Fees for late payment	605	1,364
Security deposit released	816	-
Insurance claim recovery – net	52	-
Others	365	402
	1,987	**2,448**

Foreign currency exchange gains were reported in the year ended 30 June 2026 as a result of the strengthening US dollar.

Claim recoveries recognised in other income in the prior year represented the final distributions paid to creditors of Virgin Australia in excess of amounts allocated to trade receivables. No further recoveries were recognised in the year.

Fees for late payment reduced by 55.6% to US$0.6 million in the year ended 30 June 2026 (2025: US$1.4 million) due to a corresponding reduction in customer arrears.

Security deposits from transitioned airlines of US$0.8 million following the early termination of the associated leases were released in the year ended 30 June 2026

Net income from the insurance claim for the written off A220-300 of US$0.1 million was reported in the year ended 30 June 2026.

Administrative expenses

US$ '000s	Year ended 30 June,	
	2026	**2025**
Staff costs	6,144	5,682
Other administrative expenses	4,692	3,444
	10,836	**9,126**

Staff costs increased by 8.1% to US$6.1 million in the year ended 30 June 2026 (2025: US$5.7 million) principally due to inflationary salary increments.

Other administrative expenses increased by 36.2% to US$4.7 million in the year ended 30 June 2026 (2025: US$3.4 million) principally due to inflationary increases to audit and accounting costs, overseas contractor fees and general office overheads.

Other operating income and expense items

US$ '000s	Year ended 30 June,	
	2026	**2025**
Depreciation	(36,396)	(37,512)
Gain/(loss) on disposal of aircraft	4,145	3,455
Unrealised (loss)/gain on aircraft purchase rights and pre-delivery aircraft deposits paid	(1,442)	(21,643)
Unrealised loss on equity investment	(3,711)	(1,630)
Reversal of impairment loss on aircraft	7,786	4,831
Aircraft transition expenses	(1,527)	(244)
Expected credit (losses)/reversals	(3,040)	80
Legal and professional fees	(2,778)	(1,978)
Other expenses	-	(2,336)

Depreciation decreased by 3.0% from US$37.5 million to US$36.4 million due to the sale of a Boeing 777-300ER aircraft in September 2025. The sale also generated a gain on disposal of US$4.1 million.

Avation's 19 aircraft purchase rights were revalued at 30 June 2026 using a Black-Scholes option pricing model. The principal factors leading to the recognition of an unrealised loss of US$1.4 million (2025: US$21.6 million) primarily due to a reduction in the time to expiry of the purchase rights, partially offset by favourable changes in other key valuation inputs used in the Black-Scholes option pricing model, resulting in a lower overall loss.

The Company recorded an unrealised loss of US$3.7 million on its holding of shares in Philippine Airlines, Inc. (2025: US$1.6 million). The Company received these shares as part of the settlement awarded to creditors in the bankruptcy restructuring of the airline in December 2021.

Previously recognised impairment losses of US$7.8 million were reversed in the year ended 30 June 2026 due to firmer residual values in the Company's lease encumbered valuation model for aircraft, having similarly reversed US$4.8 million of impairment losses in the year ended 30 June 2025. The market environment has been supportive for aircraft values due to strong demand for aircraft and constrained supply of new aircraft.

Aircraft transition expenses of US$1.5 million (2025: US$0.2 million) represent repairs and maintenance expenditure on aircraft incurred during the transition of aircraft during the year following the early termination of the leases.

The expected credit losses of US$3.0 million (2025: US$0.1 million reversal) primarily results from rent arrears written off on the termination of the lease for two ATR 72-600 aircraft to one customer which went into administration in the year ended 30 June 2026. Current trade receivables (before allowances for credit losses) were US$8.1 million at 30 June 2026, an increase from US$6.3 million at 30 June 2025.

Legal and professional fees increased by 40.4% to US$2.8 million in the year ended 30 June 2026 (2025: US$2.0 million) due to increased transaction activity on aircraft deliveries, disposals and transitions.

Other expenses of US$2.3 million in the year ended 30 June 2025 represented foreign currency exchange losses on the Group's Euro denominated bank loans, whilst in the year ended 30 June 2026, the Company benefitted from foreign currency gains.

Finance income

US$ '000s	Year ended 30 June,	
	2026	**2025**
Interest income	2,319	4,706
Dividend income (money market funds)	923	-
Finance income from discounting non-current deposits	665	629
Swap break gain	991	-
Gain on early full repayment of borrowings	-	960
	4,898	**6,295**

Interest income decreased in the year ended 30 June 2026 principally due to amounts being placed in low-risk money market funds rather than cash deposits and lower interest income on amounts due under a customer payment plan agreement which was fully repaid by 30 June 2025.

Avation's strategy of diversifying its investments into low-risk money market funds generated dividend income of US$0.9 million in the year to 30 June 2026.

The swap break gain of US$1.0 million in the year ended 30 June 2026 arose from the early unwind of the fixed-rate funding arrangement associated with an aircraft financing facility.

In the year to 30 June 2025, gains on early repayment of borrowings of US$1.0 million arose on termination of interest rate swaps when seven aircraft loans were refinanced.

Finance expenses

US$ '000s	Year ended 30 June,	
	2026	**2025**
Interest expense on secured borrowings	15,357	17,033
Interest expense on unsecured notes	24,932	26,924
Amortisation of loan transaction costs	1,765	1,979
Amortisation of IFRS 9 gain on debt modification	4,188	13,885
Fair value loss on financial derivatives	1,281	1,188
Amortisation of interest expense on non-current borrowings	671	628
Loss on early repayment of unsecured notes	10,063	599
Loss on early full repayment of borrowings	606	-
Others	277	225
	59,140	**62,461**

Interest expense on secured borrowings reduced by 9.8% to US$15.4 million in the year ended 30 June 2026 (2025: US$17.0 million) as a result of net repayments of secured loans.

Secured borrowings have been paid down by US$74.2 million to US$282.4 million at 30 June 2026 (2025: US$356.6 million).

Interest expense on unsecured notes decreased by 7.4% to US$24.9 million in the year ended 30 June 2026 (2025: US$26.9 million). The decrease principally reflects the repurchase of Avation Capital S.A. 8.25%/9.0% notes, which reduced the average outstanding principal balance prior to redemption of the remaining notes, partially offset by interest on the US$300 million 8.5% unsecured notes issued by Avation Group (S) Pte Ltd in November 2025.

Amortisation of IFRS 9 gain on debt modification of US$4.2 million (2025: US$13.9 million) represents the final balance of amortisation 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.

Avation Capital S.A. 8.25%/9.0% unsecured notes were fully redeemed in November 2025. The Company recognised a loss of US$10.1 million on the redemption of these notes to write off the difference between the accreted value of the notes and the amount paid on redemption.

A non-cash mark-to-market loss of US$1.3 million (2025: US$1.2 million) arose on the revaluation of interest rate swap agreements as a result of changes in floating interest rates in the year to 30 June 2026.

A US$ 0.6 million loss on the early repayment of a secured loan was incurred relating to an aircraft that was transitioned to another customer in the year ended 30 June 2026 following the early termination of the previous customer's lease.

Other comprehensive income

Other comprehensive income of US$25.6 million (2025: US$4.7 million) comprised US$3.2 million of gains on cash flow hedges (2025: US$10.1 million loss), primarily relating to interest rate swaps, and a US$22.4 million increase in the revaluation reserve arising from the upward revaluation of the aircraft portfolio (2025: US$14.8 million) net of tax.

DEBT SUMMARY

US$ '000s	**30 June,**	
	2026	**2025**
Current loans and borrowings	39,242	70,084
Non-current loans and borrowings	536,885	582,253
Total loans and borrowings	**576,127**	**652,337**
Cash and cash equivalents	52,441	48,102
Net indebtedness[8]	523,686	604,235
Net debt to total assets[9]	52.3%	54.8%
Weighted average cost of secured debt[10]	5.3%	5.2%
Weighted average cost of total debt[11]	7.0%	6.6%

During the period net indebtedness was reduced by 13.3% to US$523.7 million (30 June 2025: US$604.2 million).

The weighted average cost of total debt increased to 7.0% as at 30 June 2026 (30 June 2025: 6.6%) due to unsecured debt being a higher proportion of total debt in comparison to the prior year, after repayments of lower interest secured loans in the period. The weighted average cost of secured debt increased to 5.3% at 30 June 2026 (30 June 2025: 5.2%).

[8] Net indebtedness is defined as loans and borrowings less unrestricted cash and bank balances.

[9] Net debt to assets is defined as net indebtedness divided by total assets.

[10] Weighted average cost of secured debt is the weighted average interest rate for secured loans and borrowings at period end.

[11] Weighted average cost of total debt is the weighted average interest rate for total loans and borrowings at period end.

At the end of the financial period, Avation's net debt to total assets ratio reduced to 52.3% (30 June 2025: 54.8%). As at 30 June 2026, 97.3% of total debt was at fixed or hedged interest rates (30 June 2025: 84.2%). The ratio of unsecured debt to total debt was 51.0% (30 June 2025: 45.3%).

The Company's current credit ratings are as follows:

Rating Agency	Corporate Credit Rating	Unsecured Notes Rating
Moody's	B1	B2
Fitch	B (Stable outlook)	B/RR4
S&P Global Ratings	B (Stable outlook)	B

S&P Global Ratings raised its long-term issuer credit rating on Avation PLC to 'B' from 'B-' in the year to 30 June 2026.

Aircraft leasing is a capital-intensive industry. Avation manages interest rate risk as outlined in the risk management section of the note 7 in the notes to the financial statements. Any potential future increases in interest rates could impact the level of profitability of any new business the Group undertakes although this could be mitigated by higher lease rates reflecting the current interest rate environment.

CORPORATE SOCIAL RESPONSIBILITY

Avation is committed to the principles of being a good corporate citizen. For the 2026 financial year the Group did not have any material matters to report on social, community and human rights issues.

Avation operates the following policies governing corporate ethics and behaviour:

- Anti-bribery policy
- Gifts and entertaining policy
- Modern slavery policy
- Whistleblowing policy
- Policy for dealing with Company securities

Environmental, social and governance

Avation is committed to environmental responsibility as part of its business strategy. This is achieved by investing in technologically advanced designs of commercial aircraft that offer improved fuel efficiency and lower emissions. A substantial percentage of Avation's fleet are modern regional turboprop aircraft which provide significant environmental benefits over comparable jet aircraft due to their more economical use of fuel and consequently lower carbon dioxide emissions. The newest aircraft in the fleet include four new technology A220-300 aircraft, which provide significantly reduced fuel consumption and emissions in comparison to older aircraft.

As of 30 June 2026, 70% of Avation's overall fleet by number are newer technology or lower carbon emission ATR and Airbus A220 aircraft (30 June 2025: 70%).

Avation is a member of the Aviation Working Group (AWG) which has developed the aviation industry Aircraft Carbon Calculator, aimed at monitoring the carbon emissions of aircraft fleets. The AWG Aircraft Carbon Calculator provides an industry standard methodology for calculating and comparing aircraft carbon dioxide emissions. Use of the Aircraft Carbon Calculator will provide meaningful information and assist in monitoring and reporting of aircraft emissions.

Climate-related financial disclosures

The Risk Committee makes recommendations to the Board on the principal risks of relevance to the business. Climate-related risks are considered in terms of potential for contribution to these principal risks. The issues considered include both the risk of physical disruption to the business from climate change, and the risks and opportunities as the global economy transitions to significantly lower carbon emissions. In the current period, the Risk Committee concluded that climate related risks did not give rise to the level of a principal risk, except as part of Legal and Regulatory compliance.

The following table presents the Task Force on Climate-Related Financial Disclosures ("TCFD") recommended disclosures on climate-change risks:

TCFD Recommendation	Compliance Status
Governance	
Describe the Board's oversight of climate-related risks and opportunities.	The Board of Directors have accountability for the management of climate related risks and opportunities. The Executive Directors are responsible for the day-to-day implementation, monitoring and management of our climate policies. The Group's Risk Committee supports the Directors in ensuring material climate-related narratives are identified and integrated into the Group's risk management processes, in addition to reviewing and recommending policy proposals to the Board. At present the Risk Committee does not assess climate-change risk to be a principal risk to the group, except as part of Legal and Regulatory Compliance.
Describe management's role in assessing and managing climate-related risks and opportunities.	Identified climate-related risks and opportunities are communicated to the Group's management team in bi-weekly meetings attended by the Group's executive Directors and senior members of the management team. Individuals tasked with particular climate-related tasks to carry out or reports to prepare provide regular updates on performance at these meetings.
Strategy	
Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	***Physical risks*** Avation's fleet may be exposed to the risk of physical damage or loss caused by climate-change related extreme weather events such as severe storms, flooding or fire. Demand for and patterns of air travel may be negatively impacted by long-term impacts of climate change such as rising sea levels, should these occur. ***Transition risks*** Regulatory actions to impose controls on greenhouse gas emissions are likely to result in additional legal and compliance costs for aviation business models, including aircraft lessors. The gradual transition of airline fleets away from older more-polluting aircraft types to latest-technology more fuel-efficient types is likely to have a negative impact on the secondary market and residual values for older aircraft. This risk is likely to increase further as new aircraft types featuring low carbon emissions propulsion systems such as SAF, hydrogen or electric power are introduced. Regulatory actions, consumer and market sentiment changes such as an increasing preference for lower emissions aircraft are likely to make it more difficult for businesses who continue to own or operate older aircraft types to raise capital or finance aircraft at competitive prices, or at all. Owners and/or operators of older aircraft types may also face reputational risk if not deemed to be transitioning to a low carbon emissions business model quickly enough.

TCFD Recommendation	Compliance Status
	Short, medium and long-term risks and opportunities Commercial aircraft are long-lived assets with estimated useful lives of up to 25 years. In assessing risks and opportunities arising from climate change, Avation is therefore principally concerned with exposure to long-term risks and attaches less importance to short and medium-term timeframes when assessing climate change risks.
Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning.	The Risk Committee makes recommendations to the Directors on the principal risks of relevance to the business. Climate-related risks are considered in terms of potential for contribution to these principal risks. The issues considered include both the risk of physical disruption to the business from climate change, and the risks and opportunities as the global economy transitions to significantly lower carbon emissions. In the current period, the Risk Committee concluded that climate related risks did not give rise to the level of a principal risk, except as part of Legal and Regulatory Compliance. The majority of the group's assets are commercial aircraft. The useful lives and residual values of commercial aircraft may be affected should any of the physical or transition risks of climate change occur. Avation has not seen any impacts on useful lives or residual values resulting from climate change to date but will continue to monitor and consider the impact of climate-change risks on useful lives and residual values in future.
Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	***Worst Case scenario (>3°C)*** Our Worst-Case Scenario is a theoretical construct and narrative describing a world where climate action is delayed by world governments failing to act on climate change. Such delay may result in a world where physical climate change risks are the greatest across our three scenarios. ***Under the Worst-Case scenario the Group may face greater physical risks from climate-change related weather events and greater transitional risks from accelerated changing demand patterns.*** ***Paris Alignment Scenario (2-3°C)*** This scenario involves a market-led transition to a lower carbon future through global government commitments to the Paris Agreement. This would result in increased regulation of climate action and a reduction of the physical impacts of climate change compared with our Worst-Case scenario, where governments fail to legislate in accordance with the Paris Agreement. ***Under the Paris Alignment scenario the Group expects that its strategy will mitigate the material impacts of climate risk.***

TCFD Recommendation	Compliance Status
	Transformation Scenario (<2ºC) This scenario sees a rapid decarbonisation pathway, where global emissions are close to zero in 2040, driven by society. The speed of change required to limit global warming to 1.5 degrees is likely to create instability in our supply chain as suppliers try to keep pace with decarbonisation demands and shifting preferences towards localisation. ***Under the Transformation Scenario the Group may face reduced physical risks but additional financial and transitional risks and additional opportunities from a more rapid switch to lower carbon emission propulsion systems for aircraft. Under this scenario there is a risk that ordinary aircraft passengers may be priced out of the air travel market. Hence, passenger numbers could fall.***
Risk Management	
Describe the organisation's processes for identifying and assessing climate-related risks.	Avation's Risk Committee is responsible for identifying and assessing climate change related risks and for notifying the Board of any identified principal risks which are deemed to be material to the Company. Please refer to "Principal Risks and Uncertainties" within the Strategic Report for further information on Avation's risk management policies.
Describe the organisation's processes for managing climate-related risks.	The Directors are directly able to determine which risks and opportunities could have a material impact on the Group, as well as how to prioritise them. With a flat management structure and by taking a hands-on approach, the risks are actively managed within all aspects of the business.
Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	Climate change related matters are monitored by the Directors and Risk Committee to ensure that they are embedded in our risk management and planning process, in addition to our long-term strategic decision-making.
Metrics and targets	
Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	Please refer to the table below.
Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	Please refer to the table below. As the majority of the Company's GHG emissions are derived from our customers' use of our fleet of aircraft, total emissions may increase due to factors outside our control.
Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	The Board of Directors has not set particular goals and targets related to climate-change risks or opportunities. The Company is making available to the market up to 34 low carbon emissions ATR 72 aircraft by way of its purchase rights and order book.

Greenhouse Gas Emissions

Direct emissions
Direct emissions are produced by sources which are owned or controlled by the reporting organisation and include electricity use, burning oil or gas for heating, and fuel consumption because of business travel or distribution.

The Company does not directly generate greenhouse gas emissions from its business activities as it does not control airlines' usage of leased aircraft and Scope 1 CO2 emissions are immaterial. Emissions from leased aircraft are disclosed as Scope 3 emissions.

Indirect emissions
Indirect emissions result from a company's upstream and downstream activities. These are typically from outsourced activities, and products and the services offered by the organisation.

Scope	Activity	TCO2e 2026	TCO2e 2025
Scope 1	-	-	-
Scope 2	Consumption of purchased electricity	15	15
Scope 3	Customers' use of our aircraft	404,260	527,500
	Employee business travel	316	309
Total		404,591	527,824

Usage of the Company's aircraft is under the control of lessees who are not required to provide emissions data to the Company. The Company estimates carbon emissions from lessees' usage of our aircraft using the "AWG Carbon Calculator" tool provided by the Aircraft Working Group. The AWG Carbon Calculator uses OEM source data to provide consistent and reliable estimates of aircraft carbon emissions.

Carbon emissions from consumption of purchased electricity are estimated by converting the Company's energy usage of 37,382 kilowatt hours (KWh) (2025: 35,786 KWh) into kilograms (Kg) of carbon dioxide emitted using Singapore's Grid Emission Factor (GEF), a measure of the amount of carbon dioxide emitted per kilowatt hour of electrical energy generated in Singapore. Singapore's GEF at 30 June 2026 was 0.402 (2025: 0.412). Energy usage is based on electricity consumption at the Company's sole office in Singapore.

Carbon emissions from employee business travel are estimated using UK Government Conversion Factors for greenhouse gas reporting.

Scope 3 Emissions from Customers' Use of Our Aircraft

	2026	2025
Total emissions (TCO2e)	404,260	527,500
Aircraft flight hours	65,232	70,739
Seats	155	173
Average CO2 emissions per flight hour	6.2	7.5
Average CO2 emissions per seat per flight hour	40.1	43.6

Employees

It is the Group's policy to employ individuals with the necessary qualifications without regard to sex, marital status, race, creed, colour, nationality or religion. Full and fair consideration is given to applications for employment made by disabled persons having regard to their particular aptitudes and abilities.

The Group recognises the great importance of the contribution made by all employees and aims to keep them informed of matters affecting them as employees and developments within the Group.

Communication and consultation is achieved by a variety of means both within individual companies or branches and on a group-wide basis.

A breakdown by gender of the number of persons who were Directors of the Company, senior managers and other employees as of 30 June 2026 is set out below:

	Male	Female
Directors of the Company	5	-
Senior managers	5	2
Other employees	7	4

A breakdown by gender of the number of persons who were Directors of the Company or senior managers as of 30 June 2026 is set out below:

	Number of board members	Percentage of the board	Number of senior positions on the board (CEO, CFO, SID and Chair)	Number in executive management	Percentage of executive management
Men	5	100%	2	5	78%
Women	-	-	-	2	22%

A breakdown by ethnic identity of the number of persons who were Directors of the Company or senior managers as of 30 June 2026 is set out below:

	Number of board members	Percentage of the board	Number of senior positions on the board (CEO, CFO, SID and Chair)	Number in executive management	Percentage of executive management
White British or other white (including minority-white groups)	5	100%	2	5	78%
Asian/Asian British	-	-	-	2	22%

The Company collects data on gender and ethnic identity from employees and directors by means of self-identification.

As at 30 June 2026 the Company does not meet targets for:

- at least 40% of the individuals on its board of directors to be women;
- at least one of the positions of the chair, the chief executive, the senior independent director or the chief financial officer on its board of directors to be held by a woman; and
- at least one individual on its board of directors to be from a minority ethnic background.

The Company engages directors on the basis of ability without discrimination and has no internal targets for representation on the board on the basis of gender or ethnic identity.

Section 172(1) statement

The following pages set out how the Board has acted in a way that promotes the success of the Company for the benefit of its members as a whole, in accordance with the requirements of the Companies (Miscellaneous Reporting) Regulations 2018, whilst having regard to the following matters set out in s.172(1) of the Act.

The likely consequences of any decision in the long term

The Board is mindful that it should make decisions which are the best for the Company in the long term. The nature of the business of aircraft leasing is long-term, with typical aircraft leases being for ten or twelve years duration for new aircraft. The Company does undertake the trading of aircraft where they have reached a certain age and when market conditions are favourable. However, the transfer of an aircraft with a lease attached to it is a transaction which would typically take three to five months to complete and therefore such transactions are undertaken on strategic timeframes. Equity released from the sale of aircraft is typically re-invested in financing or re-financing the purchase of aircraft.

The interests of the Group's employees

The board actively engages with employees to ensure that staff are kept up to date and informed. The Company has regular management meetings at which typically two of the Company's directors are present and which are attended by the majority of the Company's employees.

Staff have received regular communications and updates from the Board to ensure that they are kept up to date and informed in respect of business performance, with management meetings being held on a bi-weekly basis.

The need to foster the Group's business relationships with suppliers, customers and others

Suppliers

The Company has long-term relationships with its suppliers which are primarily comprised of commercial lending organisations such banks and other financial institutions, as well as the manufacturers of aircraft and aircraft engines.

Customers

The Company has sixteen airline customers and maintains close relationships with them, indeed this is inherent in the nature of aircraft leasing. In particular, the Company needs to ensure that its customers are looking after and maintaining the aircraft and are otherwise complying with the terms of the respective aircraft leases.

The impact of the Group's operations on the community and the environment

The board recognises the importance of managing the community impact of the business and minimising any adverse impact of the Group's operations on the environment. The Company is committed to investing in the latest aircraft with the lowest environmental emissions in each aircraft model category.

The desirability of the Group maintaining a reputation for high standards of business conduct

The board expects the highest standards of conduct throughout the business, both in respect of employees and in respect of its suppliers, advisers and agents. The board receives regular updates in respect of matters of regulatory compliance, and the business has policies, procedures and processes in place in respect of modern slavery, bribery and corruption.

The need to act fairly as between members of the Company

The Company has a single class of ordinary shares, so all shareholders are treated equally. Details of how we engage with shareholders can be found in our corporate governance statement in the Directors' Report.

On behalf of the board



.....
Robert Jeffries Chatfield
Executive Chairman

19 October 2026

AVATION PLC

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2026

The Directors present their report and financial statements for the year ended 30 June 2026.

Principal activities and business review

Avation PLC is a public limited company incorporated in England and Wales under the Companies Act 2006 (Registration Number 05872328). The principal activity of the Group is aircraft leasing. Details of activities carried out by subsidiary companies are set out in Note 23 to these financial statements.

The principal risks and uncertainties affecting the Group's turnover are described in the Strategic Report.

The full business review including KPI's can be found in the Strategic Report and in Note 7 to these financial statements. The Group has reviewed environmental matters in the Strategic Report.

Results and dividends

The consolidated statement of profit or loss and the consolidated statement of other comprehensive income for the year are set out on in these financial statements. The Company paid a dividend of 1 US cents per share on 30 October 2025. On 29 September 2026, the Board declared an interim dividend of 1.5 US cents per share.

Avation's dividend policy is, subject to having the reserves to do so and within any restrictions imposed by debt covenants, to declare a dividend if the Board considers that it is in the best long-term interests of the Company and its shareholders. The dividend policy is progressive, in that if reserves are available the dividend shall increase.

Directors and their interests

The Directors who served the Company during the year together with their interests and deemed interests in the shares of the Company at the beginning (or at date of appointment) and end of the year, were as follows:

	Direct interest		Deemed interest	
	30 June 2026	**1 July 2025**	**30 June 2026**	**1 July 2025**
Ordinary shares of £0.01 each:				
Robert Jeffries Chatfield	12,700,858	1	-	12,380,999
Roderick Douglas Mahoney	843,784	730,000	-	-
Stephen John Fisher (resigned on 26 November 2025)	N/A	25,115	N/A	-
Derek Sharples	50,000	50,000	-	-
Mark Stephen Shelton	42,206	24,840	-	-
Peter Richard Davis (appointed on 26 February 2026)	-	-	-	-

Significant shareholdings

Significant shareholdings as of 30 June 2026 were as follows:

	Ordinary shares	Percentage
Ordinary shares of £0.01 each:		
HSBC Global Custody Nominee (UK) Limited	8,350,999	13.9%
Aurora Nominees Limited	4,583,690	7.6%
Interactive Brokers LLC	4,161,056	6.9%
HSBC Global Custody Nominee (UK) Limited	3,934,475	6.6%
James Capel (Nominees) Limited	3,052,539	5.1%
Handover Nominees Limited	2,678,000	4.5%
Vidacos Nominees Limited	1,674,176	2.8%
HSBC Global Custody Nominee (UK) Limited	1,600,000	2.7%

Future Developments

In accordance with s414C(11) of the Companies Act 2006, the Directors have chosen to include information about future developments in the Chairman's Statement and Strategic Report.

Financial Instruments

See Note 7 to these financial statements.

Going Concern

The Directors' assessment of the Group's ability to continue as a going concern is detailed in Note 3(d) to the financial statements. The Note in its entirety is deemed to be incorporated into and form part of the Directors' Report.

Greenhouse Gas Emissions Statement

Usage of the Company's aircraft is under the control of lessees who are not required to provide emissions data to the Company. The Company estimates carbon emissions from lessees' usage of our aircraft using the "AWG Carbon Calculator" tool provided by the Aircraft Working Group. The AWG Carbon Calculator uses OEM sources data to provide consistent and reliable estimates of aircraft carbon emissions.

Carbon emissions from consumption of purchased electricity are estimated by converting the Company's energy usage in kilowatt hours (KWh) into kilograms (Kg) of carbon dioxide emitted using Singapore's Grid Emission Factor (GEF), a measure of the amount of carbon dioxide emitted per kilowatt hour of electrical energy generated in Singapore. Energy usage is based on electricity consumption at the Company's sole office in Singapore.

Carbon emissions from employee business travel are estimated using UK Government Conversions Factors for greenhouse gas reporting.

Greenhouse gas emissions are disclosed in the Strategic Report.

Capital Structure

Details of the Company's issued share capital, together with details of the movements therein during the financial year are shown in Note 32. The Company has one class of ordinary shares which carry no right to fixed income. Each share carries the right to one vote at general meetings of the Company.

There are no specific restrictions on the size of a holding nor on the transfer of shares, which are both governed by the general provisions of the Articles of Association and prevailing legislation. The Directors are not aware of any agreements between holders of the Company's shares that may result in restrictions on the transfers of securities or on voting rights.

Details of employees share option schemes are set out in Note 39.

No person has any special rights of control over the Company's share capital and all issued shares are fully paid.

With regards to the appointment and replacement of Directors, the Company is governed by its Articles of Association, the Companies Act and related legislation. The Articles themselves may be amended by special resolution of the shareholders.

Corporate Governance Statement

The Board is accountable to the shareholders for the good corporate governance of the Group. The principles of corporate governance and a code of best practice are set out in the UK Corporate Governance Code issued in January 2024. Under the Financial Conduct Authority's UK Listing Rules applicable to companies included in the London Stock Exchange's Equity Share (Transition) segment, the Company is not required to comply with the Code in full. The Board has adopted policies that it considers to be appropriate for the Company's size and nature.

The Board acts as the administrative, management and supervisory body overseeing the operation of the Group. The Board consist of two Executive Directors (Robert Jeffries Chatfield and Mark Stephen Shelton) and three Non-Executive Directors (Roderick Douglas Mahoney, Derek Sharples (independent) and Peter Richard Davis (independent)). The Board meets at least six times a year; matters for discussion at formal meetings are clearly laid down and decisions recorded. The Board is responsible for overall corporate strategy; the reviewing and approval of acquisition and divestment opportunities; the approval of significant capital expenditures; the review of budgets; trading performance; and all significant financial and operational issues.

Information on how the Directors have had regard to the need to foster the Company's business relationships with suppliers, customers and other, and the effect of that regard, including on the principal decisions taken by the Company during the financial year, is included in the Section 172(1) Statement included in the Strategic Report.

The Company operates the following committees whose members are detailed below:

- Audit Committee – Peter Richard Davis, Derek Sharples, Andrew Charles Hiscock (non-Board member) and Mark Stephen Shelton; and
- Risk Committee – the Board of Directors as a whole and Andrew Charles Hiscock (non-Board member); and
- Remuneration Committee – the Board of Directors as a whole

The Board is responsible for identifying and evaluating the major business risks faced by the Company and for determining and monitoring the appropriate course of action to manage these risks. The key risks the Company faces are described in the risk assessment section of this annual report and accounts.

The Board conducts a review of the effectiveness of the Company's systems of internal control and risk management on an annual basis. Following this review, it has concluded that the Company's financial, operational and compliance controls, and risk management procedures are appropriate and suitable to enable the Board to safeguard shareholders' investments and the Company's assets.

The process and systems of internal control are designed to manage, rather than eliminate, the risk of failure to achieve the Company's objectives, and can therefore only provide reasonable and not absolute assurance against material misstatement or loss.

Avation is an equal opportunities employer and its policy and statistics on employee gender and race are included in the Strategic Report.

AVATION PLC

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2026

Statement as to disclosure of information to auditors

- So far as the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware, and
- They have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditor

Ernst & Young have indicated their willingness to continue in office and in accordance with s489 of the Companies Act 2006. A resolution proposing that they be reappointed as auditors of the Company will be put to the Annual General Meeting.

Purchase of own shares

During the year ended 30 June 2026, the Company bought 7,904,063 (2025 : 8,361,500) treasury shares at market price ranging from 133.0 pence to 160.0 pence (2025 : 138.0 pence to 150.0 pence) per share.

By a resolution passed at the Annual General Meeting held on 26 November 2025, the Company's Directors are authorised to buy back shares not exceeding in aggregate 25 per cent of the total number of shares in issue on that date. Share buy backs may be at such price or prices as may be determined by the Directors from time to time but not under £0.75 per share and not exceeding an amount equal to the higher of: (i) 105 per cent of the average of the middle market quotations for the ordinary shares of the Company as derived from the Daily Official List of the London Stock Exchange plc for the five business days immediately preceding the day on which such share is contracted to be purchased; and (ii) the value of an ordinary share calculated on the basis of the higher of the price quoted for: (a) the last independent trade and; (b) the amount stipulated by Regulatory Technical Standards adopted by the European Commission pursuant to Article 5(6) of the Market Abuse Regulation (EU) No. 596/2014 and, in any case, not exceeding £2.00 per share, excluding brokerage, commission, applicable goods and services tax, stamp duty and other related expenses.

Subsequent events

See Note 45 to these financial statements.

On behalf of the board



.....
Robert Jeffries Chatfield
Executive Chairman

AVATION PLC

DIRECTORS' REMUNERATION REPORT
FOR THE YEAR ENDED 30 JUNE 2026

Introduction

This report has been prepared in accordance with Schedule 8 of the Large and Medium Companies and Groups (Accounts and Reports) Regulations 2008 as amended in August 2013. As required a resolution to approve the Directors' remuneration will be proposed at the forthcoming Annual General Meeting of the Company at which the financial statements will be approved. The vote will have advisory status, will be in respect of the remuneration policy and overall remuneration packages and will not be specific to the individual levels of remuneration.

The information in the Directors' Remuneration Report is not audited, unless specifically stated that the section is subject to audit.

Statement by the Chair of the Remuneration Committee

The Company's remuneration policy remains substantially unchanged for the year ended 30 June 2026. Key aspects of the policy are to attract and retain executives; be consistent with best practices and to ensure alignment between performance and compensation.

Remuneration (audited)

The components of remuneration are:

- basic salary and benefits determined by the Remuneration Committee which are included in employment agreements and reviewed annually;
- bonuses based upon performance of the Company and the individual concerned; and
- share warrants.

Component	Purpose	Operation & framework used to assess performance
Salary and benefits	To provide the core reward for the role at a sufficient level to recruit and retain individuals of the necessary competence to execute the Company's business strategy.	**Operation**: Salaries are typically set after considering salary levels in companies of a similar size and complexity, the responsibilities of each individual role, progression within the role, individual performance and an individual's experience. Our overall policy, having had due regard to the factors noted, is normally to target salaries at the market median level. Salaries may be adjusted in line with the market and adjustments out of line with the market may be awarded in certain circumstances such as where there is a change in responsibility, progression in the role, experience or a significant increase in the scale of the role and/or size, value and/or complexity of the Group. Salary levels for current incumbents are set out elsewhere in this report. **Framework used to assess performance:** The remuneration committee considers individual salaries at the appropriate committee meeting each year after having due regard to the factors noted in operating the salary policy. No recovery provisions apply to salary.

Bonuses	To incentivise and recognise execution of the business strategy on a semi-annual basis.	**Operation**: Bonuses are paid in cash twice yearly to employees and executive Directors based on a target percentage of the employee's basic salary. All bonus payments are at the discretion of the Committee, as shown following this table. Bonuses are awarded pro-rata to the achievement of up to five individual goals established for each employee. Individual goals are established in alignment with the development of the Company. **Framework used to assess performance:** The remuneration committee will assess company and individual performance compared to prior year and expectations for the current year. Individual performance will also be assessed against individual goals established for each executive. Metrics considered in awarding bonuses include share price appreciation; increase in the Company's earnings per share; growth in asset value and profits; and dividend growth. The Company awards bonuses pro-rata to the achievement of up to five individual goals.
Share Warrants	To incentivise and recognise execution of the business strategy over the long-term.	**Operation**: Each year share warrants and/or performance shares awards may be granted subject to the achievement of individual goals and in order that long-term incentives are aligned with shareholder returns. Awards normally vest over a three-year period. **Framework used to assess performance:** Same as for bonuses.

AVATION PLC

DIRECTORS' REMUNERATION REPORT
FOR THE YEAR ENDED 30 JUNE 2026

Individual Director's remuneration was as follows:

	Salaries and fees US$'000s	**Bonuses** US$'000s	**Taxable Benefits** US$'000s	**Share warrants** US$'000s	**Total 2026** US$'000s	**Total 2025** US$'000s
Executive Director:						
Robert Jeffries Chatfield	790	-	32	253	1,075	1,019
Mark Stephen Shelton	241	86	46	46	419	334
Non-Executive Directors:						
Roderick Douglas Mahoney	73	-	-	-	73	80
Stephen John Fisher	32	-	-	-	32	55
Derek Sharples	56	-	-	-	56	55
Peter Richard Davis	18	-	-	-	18	-
	1,210	**86**	**78**	**299**	**1,673**	**1,543**

	Fixed US$'000s	**Variable** US$'000s	**Total 2026** US$'000s	**Fixed** US$'000s	**Variable** US$'000s	**Total 2025** US$'000s
Executive Director:						
Robert Jeffries Chatfield	822	253	1,075	804	215	1,019
Mark Stephen Shelton	373	46	419	318	16	334
Non-Executive Directors:						
Roderick Douglas Mahoney	56	17	73	55	25	80
Stephen John Fisher	32	-	32	55	-	55
Derek Sharples	56	-	56	55	-	55
Peter Richard Davis	18	-	18	-	-	-
	1,357	**316**	**1,673**	**1,287**	**256**	**1,543**

Taxable benefits mainly relate to housing expenses, medical expenses and private car expenses.

The information in this part of the Directors' Remuneration Report is subject to audit.

Service contracts

The employment contracts of the Executive Directors with the Company are terminable by either party with the notice in writing to the other detailed in the table below.

The Directors' service contracts are as follows:

	Date of contract	Unexpired term	Notice period	Compensation payable on early termination
Robert Jeffries Chatfield	29 April 2013	Indefinite	4 months	-
Roderick Douglas Mahoney	21 February 2022	Indefinite	N/A	-
Derek Sharples	15 November 2016	Indefinite	N/A	-
Mark Stephen Shelton	7 June 2024	Indefinite	1 month	-
Peter Richard Davis	26 February 2026	Indefinite	N/A	-

Share warrants (audited)

The Group has an ownership-based compensation scheme for employees of the Group.

Warrants are granted to employees of the Group to promote:

- Improvement in the Company's earnings per share;
- Reliable and high-quality financial reporting;
- Growth in asset value and profits; and
- Growth in dividends.

Each share warrant converts into one ordinary share of Avation PLC on exercise. No amounts are paid or are payable by the recipient on receipt of the warrant. Warrant exercise prices are determined by reference to the share price at the grant date. The warrants carry neither rights to dividends nor voting rights. There are no performance conditions that need to be met before warrants can be exercised.

Warrants granted have a 3-year vesting schedule with details as follows:

Vesting period	Proportion of total share options that are exercisable
Before year 1	0 per cent
On year 1 and before year 2	Up to 33 per cent of the grant
On year 2 and before year 3	Up to 33 per cent of the grant or up to 66 per cent of the grant if warrants were not exercised after the first vesting year
On year 3 to 2 months after year 3	Balance or 100 per cent of the grant if warrants were not exercised after the first and second vesting years

The following share warrants issued to Directors were outstanding at the year-end:

Director	Date granted	Warrant price	Balance at beginning of year	Granted during the year	Exercised during the year	Expired during the year	Balance at end of year
Robert Jeffries Chatfield *	29 Sept 2022	102.0p	899,001	-	(899,001)	-	-
Robert Jeffries Chatfield *	2 Mar 2023	126.0p	230,000	-	(230,000)	-	-
Robert Jeffries Chatfield *	1 Nov 2023	125.5p	300,000	-	-	-	300,000
Robert Jeffries Chatfield *	13 Mar 2024	118.0p	495,000	-	-	-	495,000
Robert Jeffries Chatfield *	3 Apr 2025	132.0p	300,000	-	-		300,000
Robert Jeffries Chatfield *	29 Aug 2025	160.0p		300,000	-	-	300,000
Robert Jeffries Chatfield *	25 Nov 2025	140.0p		400,000	-	-	400,000
Roderick Douglas Mahoney	29 Sept 2022	102.0p	275,000	-	(275,000)	-	-
Roderick Douglas Mahoney	2 Mar 2023	126.0p	25,000	-	(25,000)	-	-
Mark Stephen Shelton	29 Sept 2022	102.0p	50,000	-	(50,000)	-	-
Mark Stephen Shelton	2 Mar 2023	126.0p	18,000	-	(18,000)	-	-
Mark Stephen Shelton**	1 Nov 2023	125.5p	25,000	-	-	-	25,000
Mark Stephen Shelton**	13 Mar 2024	118.0p	25,000	-	-	-	25,000
Mark Stephen Shelton**	3 Apr 2025	132.0p	60,000	-	-		60,000
Mark Stephen Shelton**	29 Aug 2025	160.0p	-	70,000	-	-	70,000
Mark Stephen Shelton**	25 Nov 2025	140.0p	-	80,000	-	-	80,000

* Robert Jeffries Chatfield was granted the share warrants and assigned these to Epsom Assets Limited.

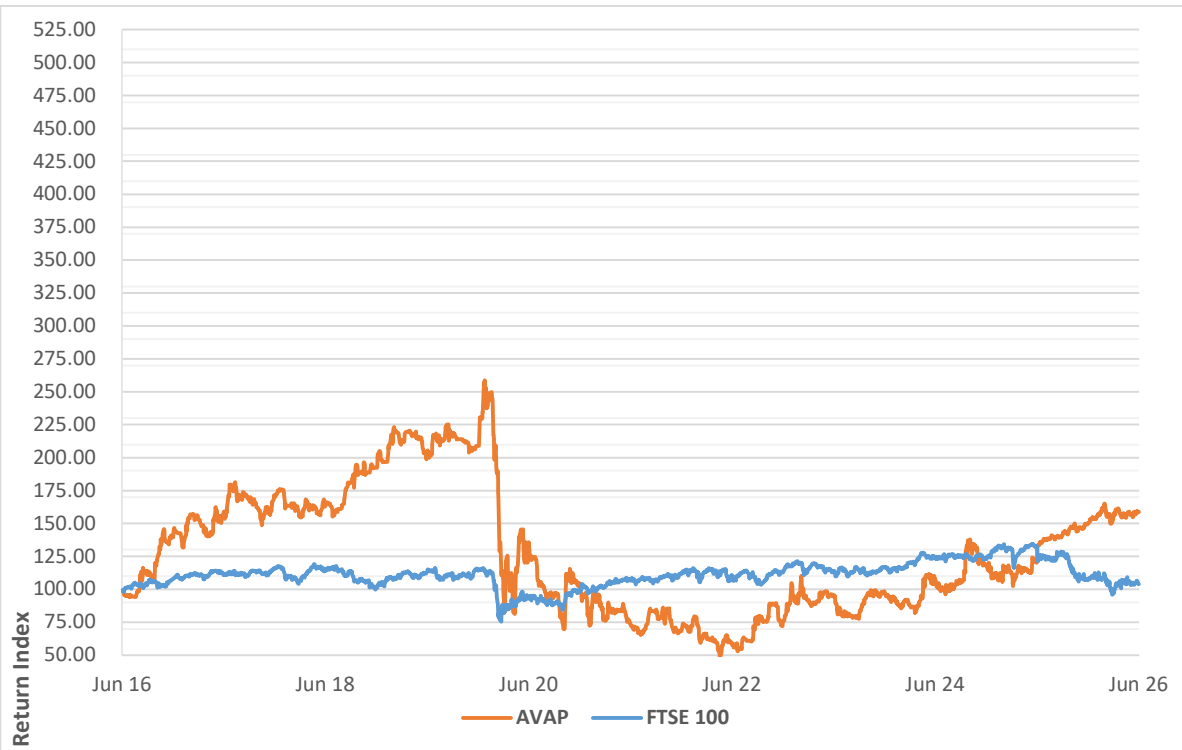
** Mark Stephen Shelton was granted the share warrants and assigned these to PPT Consulting Pte. Ltd.

The aggregate amount of gains made by directors on the exercise of share warrants during the year was GBP0.2 million (2025: GBP0.4 million).

The closing market price of the shares subject to warrants at the year-end was 134.0 pence. The highest and lowest closing market prices during the year were 166.0 pence and 124.5 pence.

Company's performance

The graph below shows the total shareholder return on a holding of shares in the Company as against the average total shareholder return of the companies comprising the FTSE100 index. The FTSE 100 Index was selected because in the opinion of the Board it is the most appropriate for the Company for the purposes of a benchmark.



Remuneration of Executive Chairman

	2026	2025	2024	2023	2022
Executive Chairman single figure remuneration (US$'000)	1,075	1,019	1,048	1,151	1,224
Annual bonus pay-out (as % of maximum)	-	-	-	-	-

The table above shows the prescribed remuneration data for the Director, Robert Jeffries Chatfield, Executive Chairman undertaking the role of Group Chief Executive Officer during each of the last five financial years.

Percentage change in remuneration of Chief Executive Officer and annual percentage change in remuneration for directors and employees

The table below sets out the percentage change in the remuneration of the Executive Chairman who is undertaking the role of Group Chief Executive Officer and directors compared to that of all employees of the Group.

Change in remuneration from 2025 to 2026	Base salary and fees	Bonus	Taxable benefits	Warrants expense
Executive Chairman: Robert Jeffries Chatfield	5%	0%	-36%	-18%
Executive Director: Mark Stephen Shelton	6%	126%	-14%	183%
Non-executive Director: Douglas Roderick Mahoney	16%	0%	0%	-100%
Non-executive Director: Stephen John Fisher	-42%	0%	0%	0%
Non-executive Director: Derek Sharples	2%	0%	0%	0%
Non-executive Director: Peter Davis	0%	0%	0%	0%
All employees	24%	-14%	46%	181%

Change in remuneration from 2024 to 2025	Base salary and fees	Bonus	Taxable benefits	Warrants expense
Executive Chairman: Robert Jeffries Chatfield	6%	0%	-2%	-24%
Executive Director: Mark Stephen Shelton	37%	0%	10%	66%
Non-executive Director: Douglas Roderick Mahoney	-24%	0%	0%	-75%
Non-executive Director: Stephen John Fisher	8%	0%	0%	0%
Non-executive Director: Derek Sharples	8%	0%	0%	0%
All employees	12%	-3%	4%	-44%

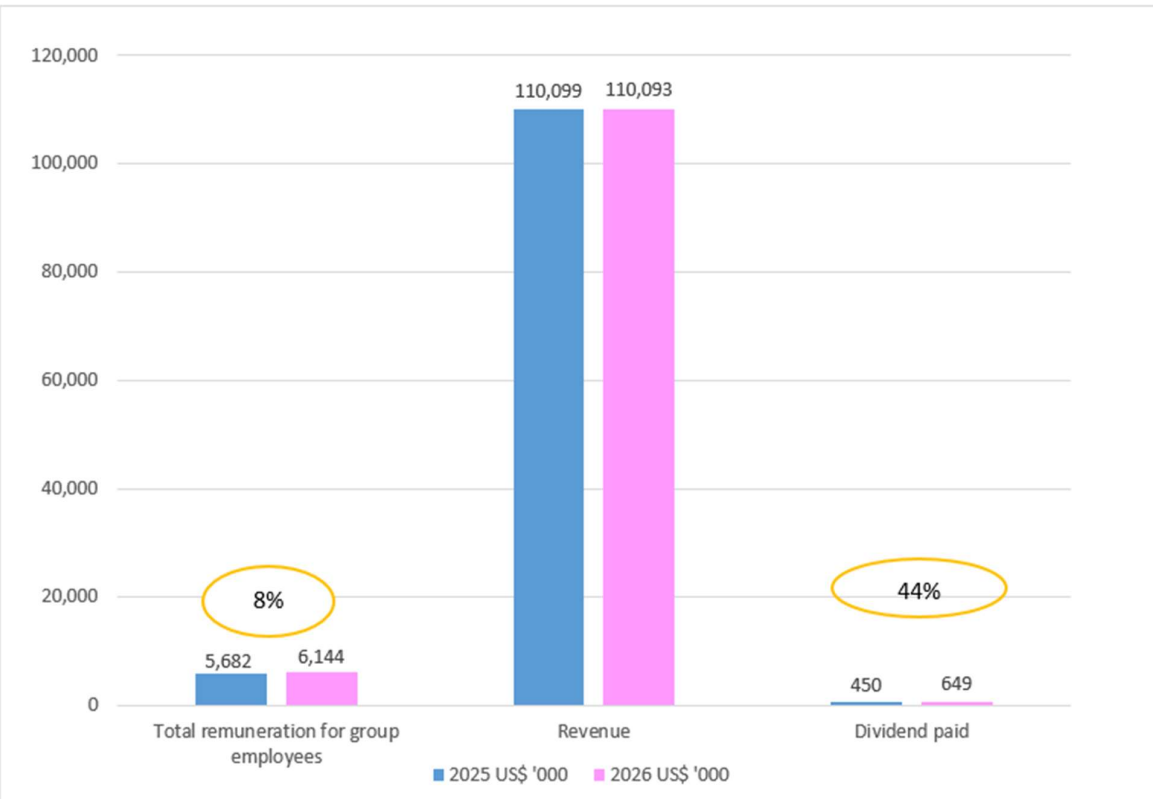
Change in remuneration from 2023 to 2024	Base salary and fees	Bonus	Taxable benefits	Warrants expense
Executive Chairman: Robert Jeffries Chatfield	3%	0%	-29%	-26%
Executive Director: Mark Stephen Shelton	185%	0%	0%	12%
Non-executive Director: Douglas Roderick Mahoney	-70%	0%	0%	-60%
Non-executive Director: Stephen John Fisher	7%	0%	0%	0%
Non-executive Director: Derek Sharples	7%	0%	0%	0%
All employees	-2%	1,006%	38%	-36%

Change in remuneration from 2022 to 2023	Base salary and fees	Bonus	Taxable benefits	Warrants expense
Executive Chairman: Robert Jeffries Chatfield	-2%	0%	4%	-13%
Executive Director: Mark Stephen Shelton	NA	NA	NA	NA
Non-executive Director: Douglas Roderick Mahoney	-30%	-100%	0%	-37%
Non-executive Director: Stephen John Fisher	6%	0%	0%	0%
Non-executive Director: Derek Sharples	6%	0%	0%	0%
All employees	-3%	-96%	4%	-20%

Change in remuneration from 2021 to 2022	Base salary and fees	Bonus	Taxable benefits	Warrants expense
Executive Chairman: Robert Jeffries Chatfield	-1%	0%	-18%	-25%
Executive Director: Douglas Roderick Mahoney	-15%	105%	0%	-22%
Non-executive Director: Stephen John Fisher	0%	0%	0%	0%
Non-executive Director: Derek Sharples	0%	0%	0%	0%
All employees	2%	254%	-18%	-17%

Relative importance of spend on pay

The Chart below displays the relative expenditure of the Company on various matters, as required (in the case of remuneration for group employees and shareholder distributions) by the relevant remuneration regulations. Revenue is included as this is a key element of company performance. In previous years the Company included debt repayments for comparison with employee remuneration.



Directors' remuneration policy

The Company applies a policy for Directors' remuneration which is designed to meet the following objectives:

- provide a fair and transparent remuneration policy that is in alignment with shareholders' interests;
- provide both immediate and incentive remuneration that is sufficient to attract and retain executives;
- be consistent with best practice for governance of stock exchange listed companies;
- allow claw-back of incentives from executives should previous performance be found to have led to future adverse circumstances for the Company; and
- ensure alignment between performance and compensation.

The Company targets the following outcomes in applying its policy to ensure alignment of Directors' remuneration and shareholders' interests:

- share price appreciation;
- increase in the Company's earnings per share;
- reliable and high-quality financial reporting;
- growth in asset value and profits; and
- dividend growth.

Remuneration of the Company's Executive Directors is comprised of the following components:

- base salary;
- short-term incentives in the form of a cash bonus linked to performance against individual key performance indicators; and
- long-term incentives in the form of share warrants and/or performance shares.

Remuneration of the Company's Non-Executive Directors is comprised of fixed Directors' Fees.

The Directors' remuneration policy was last approved by shareholders at the 2023 Annual General Meeting and will be submitted for shareholder approval again at the 2026 Annual General Meeting, in accordance with applicable regulatory requirements. Following a review by the remuneration committee, the Board does not propose any significant changes to the existing policy. Accordingly, the remuneration framework described on pages 31 to 32 remains representative of the policy to be submitted for shareholder approval at the 2026 Annual General Meeting.

Consideration of employee and shareholder views

In reviewing the Directors' remuneration policy, the remuneration committee considers the Company's circumstances, relevant market practices and recruitment and retention requirements. In doing so, it takes account of management input on employee remuneration and any shareholder feedback on directors' remuneration.

Illustrations of the application of the remuneration policy

The remuneration of Executive Directors comprises salary and benefits, a short-term cash bonus and long-term incentives in the form of share warrants and/or performance shares.

Minimum remuneration represents fixed remuneration comprising salary and benefits and, based on the remuneration arrangements applicable under the policy, amounts to US$0.8 million for Executive Chairman, Robert Jeffries Chatfield and US$0.3 million for Executive Director, Mark Stephen Shelton. No short-term bonus or long-term incentive award is assumed in determining minimum remuneration.

Maximum remuneration comprises fixed remuneration together with the maximum short-term and long-term incentive remuneration that may be awarded under the policy.

The Remuneration Committee determines the awards in accordance with the remuneration policy, having regard to the Company's performance, individual contribution, the objectives of the remuneration policy and the interests of shareholders.

Payments for loss of office

No provisions are made under the Directors' service contracts for any payments beyond the applicable notice period, except that Non-Executive Directors are entitled to receive payment of two years fees on loss of office pursuant to a change of control.

Statement of consideration of employment conditions elsewhere in the Company

Pay and employment conditions of other employees in the Company were taken into account when setting the policy for Directors' remuneration. Similar remuneration polices are in place for Directors and employees of an equivalent level.

Shareholders' vote on remuneration

	Share Count	% of vote cast
Votes cast in favour	15,668,196	97.54%
Votes cast against	395,327	2.46%
Total votes cast in favour or against	16,063,523	100.00%
Votes withheld	11,476	N/A

Note:

The Directors' Remuneration Policy is put to a shareholder vote in the first year of a company or in any year where there is to be a change to the policy and, in any event, at least once every three years. The Directors' Remuneration Policy was last approved by shareholders in 2023 and it will therefore next be put to shareholders at the AGM to be held in 2026. There will be no significant change in the way the current, approved Remuneration Policy will be implemented during the course of the next financial year.

On behalf of the Board



Robert Jeffries Chatfield
Executive Chairman

AVATION PLC

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 30 JUNE 2026

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors are required to prepare the Company and Group financial statements in accordance with UK-adopted International Accounting Standards ("IFRS") in conformity with the requirements of the Companies Act 2006.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the affairs of the Company and of the Group and the financial performance and cash flows of the Group for that year.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the Company will continue in business.
- present information, including accounting policies, in a manner that provides relevant reliable, comparable and understandable information.
- provide additional disclosures when compliance with the specific requirements in IFRSs adopted are insufficient to enable the users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's and the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

AVATION PLC

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 30 JUNE 2026

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with IFRS in conformity with the Companies Act 2006, give a true and fair view of the assets, liabilities and financial position of the Company and of the Group and of the Group's profit for the year;
- the strategic report includes a fair review of the development and performance of the business and the position of the Company and of the Group, together with a description of the principal risks and uncertainties that they face; and
- The annual report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for the shareholders to assess the Group's position, performance, business model and strategy.

This responsibility statement was approved by the Board of Directors on 19 October 2026 and is signed on its behalf by Robert Jeffries Chatfield.



.....
Robert Jeffries Chatfield
Executive Chairman

Docusign Envelope ID: 8FBA3F7B-B56F-80E4-82E4-11F86C7889D9



Shape the future
with confidence

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AVATION PLC

Opinion

In our opinion:

- Avation plc's group financial statements and parent company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the parent company's affairs as at 30 June 2026 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with UK adopted international accounting standards as applied in accordance with section 408 of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Avation plc which comprise:

Group	Parent company
Consolidated statement of profit or loss for the year then ended	
Consolidated statement of comprehensive income for the year then ended	
Consolidated statement of financial position as at 30 June 2026	Company statement of financial position as at 30 June 2026
Consolidated statement of changes in equity for the year then ended	Company statement of changes in equity for the year then ended
Consolidated statement of cash flows for the year then ended	Company statement of cash flows for the year then ended
Related notes 1 to 46 to the financial statements, including material accounting policy information	Related notes 1 to 46 to the financial statements, including material accounting policy information

The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards and as regards to the parent company financial statements, as applied in accordance with section 408 of the Companies Act 2006.

Docusign Envelope ID: 8FBA3F7B-B56F-80E4-82E4-11F86C7889D9



Shape the future
with confidence

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AVATION PLC

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the group and parent company's ability to continue to adopt the going concern basis of accounting included:

- In conjunction with our walkthrough of the financial statements close process, we confirmed our understanding of the going concern assessment process and engaged with management to understand the key factors considered in their assessment.

- We obtained management's going concern assessment, including their covenant assessment and cashflow analysis and forecast for a period of 12 months from the expected date of signing of the financial statements.

- We reviewed the sources of cash inflows available to the Group and the various scenario analyses performed by management. We noted that in management's most stressed scenario, management's forecast minimum cash requirement would still be generated by the Group.

- We have considered the assumptions included in the cashflow analysis prepared and considered the appropriateness of the methods used within the cashflow analysis and determined through inspection and testing of the methodology and calculations that the methods utilised were appropriate.

- We have further stressed managements' sensitivities to test the resilience of the Group's business under more pessimistic scenarios.

- We have reviewed the appropriateness of the disclosures made by management as detailed under Note 3(d) of the financial statements.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group and parent company's ability to continue as a going concern for a period of 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's ability to continue as a going concern.

Docusign Envelope ID: 8FBA3F7B-B56F-80E4-82E4-11F86C7889D9

Shape the future with confidence

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AVATION PLC

Overview of our audit approach

Audit scope	• We performed an audit of the complete financial information of Avation plc in accordance with materiality thresholds set out below.
Key audit matters	• Valuation of Aircraft • Valuation of Aircraft Purchase Rights • Recognition of Maintenance Reserve Income
Materiality	• Overall group materiality of $5.3 million which represents 2% of Total Equity.

An overview of the scope of our audit

Tailoring the scope

We followed a risk-based approach when developing our audit approach to obtain sufficient appropriate audit evidence on which to base our audit opinion. We performed risk assessment procedures to identify and assess risks of material misstatement of the Group's consolidated financial statements and identified significant accounts and disclosures. When identifying areas at which audit work needed to be performed to respond to the identified risks of material misstatement of the Group financial statements, we considered our understanding of the Group and its business environment, the applicable financial framework, the groups system of internal control at the entity level, the existence of centralised processes and applications.

We determined that centralised audit procedures can be performed by the Group audit team in all audit areas. Our scoping to address the risk of material misstatement for each key audit matter is set out in the Key audit matters section of our report.

Involvement with component teams

All audit work performed for the purposes of the audit was undertaken by the Group audit team.

Climate change

Stakeholders are increasingly interested in how climate change will impact Avation plc. The Group has determined that the most significant future impacts from climate change on its operations will be from the physical risks and transition risks as the global economy transitions to lower carbon emissions.

These are explained in the Task Force on Climate Related Financial Disclosures on pages 18-22 in the Climate-related financial disclosures. All of these disclosures form part of the "Other information," rather than the audited financial statements. Our procedures on these unaudited disclosures therefore consisted solely of considering whether they are materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appear to be materially misstated, in line with our responsibilities on "Other information".

In planning and performing our audit we assessed the potential impacts of climate change on the Group's business and any consequential material impact on its financial statements.

Docusign Envelope ID: 8FBA3F7B-B56F-80E4-82E4-11F86C7889D9



Shape the future
with confidence

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AVATION PLC

As explained in Note 3(a) Basis of preparation and Note 4 Critical accounting estimates and judgements, the governmental and societal responses to climate change risks are still developing and are interdependent upon each other. Consequently, financial statements cannot capture all possible future outcomes as these are not yet known. The degree of certainty of these changes may also mean that they cannot be fully taken into account when determining asset and liability valuations and timing of future cash flows under the requirements of UK adopted international accounting standards. As explained in Note 3(a), management believe that reasonably possible changes arising from climate risk would not have a material impact on the financial statements.

Our audit effort in considering the impact of climate change on the financial statements was focused on evaluating management's assessment of the impact of climate risk, physical and transition, their climate commitments, the effects of material climate risks disclosed on pages 18-22 and the significant judgements and estimates disclosed in Note 3(a) and whether these have been appropriately reflected following the requirements of UK adopted international accounting standards. As part of this evaluation, we performed our own risk assessment supported by our climate change internal specialists to determine the risks of material misstatement in the financial statements from climate change which needed to be considered in our audit.

Based on our work we have not identified the impact of climate change on the financial statements to be a key audit matter or to impact a key audit matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Valuation of Aircraft (2026: $733.2 million, 2025: $725.1 million) - Group Refer to Note 3(f) of the Material Accounting Policy Information (page 71) and Note 19 of the Consolidated Financial Statements (page 111). The carrying value of jet and turboprop aircraft represents the most significant asset in the financial statements of Avation plc. As set out on page 71 within Notes 3(f) of Material Accounting Policy Information, aircraft are measured at fair value on a Lease Encumbered	We have assessed each aircraft as they are deemed to be individually material to the financial statements. In obtaining sufficient audit evidence we: • Obtained an understanding of the process for the valuation of aircraft on an LEV basis and performed a walkthrough of the process, including controls over the inputs and assumptions in the calculation • Involved our EY Financial Accounting Advisory Services team to assess the reasonableness of the discount rates used in discounting the future cashflows of aircraft in the model.	Our planned audit procedures were completed without material exception.

Docusign Envelope ID: 8FBA3F7B-B56F-80E4-82E4-11F86C7889D9



Shape the future with confidence

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AVATION PLC

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Value basis ("LEV"). As detailed in Note 4 'Critical Accounting Estimates and Judgements', management applies estimation and judgement as part of their fair value assessment of aircraft. LEV is determined by discounting the lease income streams associated with the lease and the expected future residual value of the aircraft at the end of the lease adjusted for return conditions at lease termination using an appropriate discount rate. We have determined that the valuation of jet and turboprop aircraft using the LEV approach represents a fraud and significant risk as management could override controls in relation to the key assumptions which are the discount rates and residual values used in the LEV computation. The nature and size of these balances and their importance to the Group are such that we have identified this as a key audit matter.	• Evaluated the appropriateness of credit premia and discounts applied by management for each lessee by analysing their respective credit risks. • Assessed and evaluated the appropriateness and accuracy of the key assumptions used in the LEV calculation, such as the discount rates and residual values, through recalculation and scenario analysis. • Traced the residual values used in management's LEV assessment to the International Bureau of Aviation (IBA) report. We compared the residual values against a third-party valuation and evaluated the reasonableness of the residual values used by IBA. • Evaluated the design and implementation of controls in relation to the identified risk. We did not rely on controls in this area. • Assessed the accuracy of factual inputs, such as lease income streams, by reviewing lease agreements and amendments as necessary. • Evaluated the independence and competence of experts engaged by management in valuing the LEVs including residual values. • Assessed the calculations underpinning the LEV model by checking that the data, assumptions and inputs into the model agree with those that we had evaluated in other areas of the audit. • Assessed the appropriateness and presentation of disclosures in the financial statements for compliance with relevant accounting standards.	

Docusign Envelope ID: 8FBA3F7B-B56F-80E4-82E4-11F86C7889D9

Shape the future with confidence

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AVATION PLC

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Valuation of Aircraft Purchase Rights (2026: $78.8 million, 2025: $91.7 million) – Group and Company Refer to the Note 3(h) 'Material Accounting Policy Information' (page 72), Note 26 of the Consolidated Financial Statements (page 124). We have determined that the valuation of aircraft purchase rights represents a significant risk. The fair value of aircraft purchase rights may not be correctly valued and recorded in accordance with IFRS 13, Fair Value Measurement. As set on page 87 within Note 4(e) 'Critical Accounting Estimates and Judgements', aircraft purchase rights are measured at fair value through profit or loss. The Group values aircraft purchase rights using the Black-Scholes pricing model. Critical assumptions made in determining the fair value of the aircraft purchase rights include assumed delivery date, exercise date and asset price. The nature and size of these balances and their importance to the Group are such that we have identified this as a key audit matter.	In obtaining sufficient audit evidence we: • Obtained an understanding of the process for the valuation of aircraft purchase rights and performed a walkthrough of the process, including controls over the inputs and assumptions of calculation. • Engaged our EY Financial Accounting and Advisory Services team to assist in assessing the reasonableness of the valuation model. • Evaluated the competence and independence of the external appraiser as a management expert in determining the market value of the asset price. We have obtained the valuation reports and validated the market inputs to the valuation calculation. • Evaluated the design and implementation of controls in relation to the identified risk. We did not rely on controls in this area. • Assessed the assumptions used by management and evaluated the appropriateness and accuracy of these inputs, such as assumed delivery dates, purchase right exercise dates, the asset price, and risk-free, volatility and inflation rates. • Assessed the appropriateness and presentation of disclosures in the financial statements for compliance with the relevant accounting standards.	Our planned audit procedures were completed without material exception.
Recognition of Maintenance Reserves Income (2026: $21.6 million, 2025: $22.1 million) - Group Refer to Note 4(f) 'Critical Accounting Estimates and Judgements' (page	In obtaining sufficient audit evidence we: • Obtained an understanding of the maintenance reserves income process and performed a walkthrough of the process.	Our planned audit procedures were completed without material exception.

Docusign Envelope ID: 8FBA3F7B-B56F-80E4-82E4-11F86C7889D9



Risk	Our response to the risk	Key observations communicated to the Audit Committee
87), Note 37 of the Consolidated Financial Statements (page 134). The Group applies estimation in the determination of total maintenance reserves collected which are expected to be reimbursed to the lessee in respect of qualifying maintenance undertaken over the period of the lease. We have determined that the recognition of maintenance reserve income represents a fraud and significant risk as management could override controls due to the level of management judgement involved in the model. The nature and size of these balances and their importance to the Group are such that we have identified this as a key audit matter.	• Tested the timeliness of the maintenance revenue recorded by inspecting various supporting documents (lease agreements, correspondence with the lessee, etc.) and made enquiries of non-accounting personnel. • Obtained management's maintenance reserves income assessment and reviewed the reasonableness of changes in which maintenance reserve income has fluctuated from the previous period. • Evaluated the design and implementation of controls in relation to the identified risk. We did not rely on controls in this area. • Performed a reconciliation of the aircraft included within the maintenance reserves model to the portfolio of aircraft held and identified the aircraft recognising income through the model. • Recalculated the recognised maintenance reserve income for the year, including any true-up • Tested the valuation of the maintenance reserves income recorded for each aircraft selected by testing cash payments received or validating that the maintenance reserves cash balance is allowable to be taken into revenue. • Evaluated the appropriateness and accuracy of key assumptions, such as utilisation hours, flight cycles and maintenance cost. • Evaluated the accuracy of factual inputs, such as maintenance reserves liabilities balances and contractual rates, by reviewing lease agreements.	

Docusign Envelope ID: 8FBA3F7B-B56F-80E4-82E4-11F86C7889D9

Risk	Our response to the risk	Key observations communicated to the Audit Committee
	• Assessed the appropriateness and presentation of disclosures in the financial statements for compliance with the relevant accounting standards.	
How we scoped our audit to respond to the risk All audit work performed to address these risks was undertaken by the Group audit team.		

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality
The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Group to be $5.3 million (2025: $2.4 million), which is 2% (2025: 1%) of Total Equity. We believe that Total Equity provides us with the most reliable measure used by investors and other stakeholders when assessing the performance of the Group.

We determined materiality for the Parent Company to be $2.6 million (2025: $1.5 million), which is 2% (2025: 1%) of Total Equity.

The percentage applied increased from 1% to 2% in the current year as it reflects limited changes in the industry and within the entity, as well as the overall good viability of the business.

During the course of our audit, we reassessed initial materiality and there was no change in the materiality basis from the original assessment at planning.

Performance materiality
The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that performance materiality was 50% (2025: 50%) of our planning materiality, namely $2.6 million (2025: $1.5 million). We have set performance materiality at this percentage due to our prior audit experience.

Reporting threshold
An amount below which identified misstatements are considered as being clearly trivial.

Docusign Envelope ID: 8FBA3F7B-B56F-80E4-82E4-11F86C7889D9



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AVATION PLC

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of $263,200 (2025: $122,000), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the annual report, including the Chairman's Statement (set out on pages 2-4), Strategic Report (set out on pages 5-25), Directors' Report (set out on pages 26-30), Directors' Remuneration Report (set out on pages 31-41), and Directors' Responsibilities Statement (set out on pages 42-43), other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or

Docusign Envelope ID: 8FBA3F7B-B56F-80E4-82E4-11F86C7889D9



Shape the future
with confidence

- the parent company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on pages 42-43, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the company and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and determined that the most significant are:
    - Companies Act 2006
    - Tax Legislation in the jurisdictions in which the Group operates, including the UK, Singapore and Luxembourg
    - Financial Conduct Authority (FCA) UK Listing Rules
    - Disclosure Guidance and Transparency Rules (DTR) of the FCA

Docusign Envelope ID: 8FBA3F7B-B56F-80E4-82E4-11F86C7889D9



Shape the future
with confidence

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AVATION PLC

- We understood how Avation plc is complying with those frameworks by holding discussions with general counsel and service providers. We enquired as to any known instances of non-compliance with laws and regulations

- We assessed the susceptibility of the group's financial statements to material misstatement, including how fraud might occur by holding discussions with senior management

- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures included making enquiries of key management and those charged with governance, reviewing relevant correspondence with regulatory authorities, reviewing minutes of meetings of the Board and Audit Committee, and inspecting relevant legal and regulatory documentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other matters we are required to address

- We were appointed by the company on 20 December 2017 to audit the financial statements for the year ending 30 June 2018 and subsequent financial periods.

  The period of total uninterrupted engagement including previous renewals and reappointments is 9 years, covering the years ending 30 June 2018 to 30 June 2026.

- The non-audit services prohibited by the FRC's Ethical Standard were not provided to the group or the parent company and we remain independent of the group and the parent company in conducting the audit.

- The audit opinion is consistent with the additional report to the audit committee.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:
Vincent Bergin
C34F27F62A5448D...

Vincent Bergin (Senior statutory auditor)
for and on behalf of Ernst & Young, Chartered Accountant and Statutory Auditor
Dublin
19 October 2026

AVATION PLC

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 30 JUNE 2026

	Note	2026 US$'000s	2025 US$'000s
Continuing operations			
Revenue	9	110,093	110,099
Other income	10	1,987	2,448
		112,080	112,547
Depreciation	19	(36,396)	(37,512)
Gain on disposal of aircraft	19	4,145	3,455
Unrealised loss on aircraft purchase rights and pre-delivery aircraft deposits paid	25,26	(1,442)	(21,643)
Unrealised loss on equity investments	27	(3,711)	(1,630)
Reversal of impairment loss on aircraft	19	7,786	4,831
Aircraft transition expenses		(1,527)	(244)
(Allowance for)/reversal of expected credit losses	20,21	(3,040)	80
Administrative expenses	11	(10,836)	(9,126)
Legal and professional fees		(2,778)	(1,978)
Other expenses	12	-	(2,336)
Operating profit		64,281	46,444
Finance income	13	4,898	6,295
Finance expenses	14	(59,140)	(62,461)
Profit/(loss) before taxation	16	10,039	(9,722)
Taxation	17	(1,620)	2,006
Profit/(loss) from continuing operations		**8,419**	**(7,716)**
Profit/(loss) attributable to:			
Shareholders of Avation PLC		**8,419**	**(7,716)**
Earnings per share for profit/(loss) attributable to: Shareholders of Avation PLC			
Basic earnings per share (US cents)	18	13.36	(11.22)
Diluted earnings per share (US cents)	18	13.13	(10.84)

AVATION PLC

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2026

	Note	2026 US$'000s	2025 US$'000s
Profit/(loss) from continuing operations		**8,419**	**(7,716)**
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Net gain/(loss) on cash flow hedge, net of tax	24	3,246	(10,140)
		3,246	(10,140)
Items that may not be reclassified subsequently to profit or loss:			
Revaluation gain on property, plant and equipment, net of tax	33	22,362	14,815
Other comprehensive income, net of tax		25,608	4,675
Total comprehensive income/(loss) for the year		**34,027**	**(3,041)**
Total comprehensive income/(loss) attributable to:			
Shareholders of Avation PLC		**34,027**	**(3,041)**

AVATION PLC

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF 30 JUNE 2026

	Note	2026 US$'000s	2025 US$'000s
ASSETS			
Non-current assets			
Property, plant and equipment	19	735,763	725,134
Finance lease receivables	21	-	11,129
Trade and other receivables	20	717	1,005
Pre-delivery aircraft deposits paid	25	16,454	18,218
Derivative financial assets	24	995	836
Aircraft purchase rights	26	78,840	91,740
Lease incentive assets	29	7,622	4,831
Goodwill	22	1,902	1,902
		842,293	854,795
Current assets			
Finance lease receivables	21	11,149	1,734
Trade and other receivables	20	11,867	9,912
Pre-delivery aircraft deposits paid	25	23,446	10,960
Derivative financial assets	24	-	714
Investment in equity, fair value through profit or loss	27	5,404	9,115
Lease incentive assets	29	2,698	2,920
Restricted cash	30	52,537	80,831
Cash investment in fixed term bank deposits	30	-	1,042
Cash and cash equivalents	30	52,441	48,102
		159,542	165,330
Asset held for sale	31	-	81,810
		159,542	247,140
Total assets		**1,001,835**	**1,101,935**

AVATION PLC

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 30 JUNE 2026

	Note	2026 US$'000s	2025 US$'000s
EQUITY AND LIABILITIES			
Equity			
Share capital	32	1,010	1,234
Share premium		79,368	79,447
Treasury shares	32	(2,867)	(16,003)
Merger reserve		6,715	6,715
Asset revaluation reserve	33	78,368	62,158
Capital reserve		8,876	8,876
Other reserves	34	1,655	(1,406)
Retained earnings		90,149	102,818
Equity attributable to shareholders of Avation PLC		263,274	243,839
Non-controlling interests		7	7
Total equity		263,281	243,846
Non-current liabilities			
Loans and borrowings	35	536,885	582,253
Trade and other payables	36	20,038	18,843
Derivative financial liabilities	24	-	3,142
Maintenance reserves	37	47,528	31,360
Deferred tax liabilities	38	34,645	31,637
		639,096	667,235
Current liabilities			
Loans and borrowings	35	39,242	70,084
Trade and other payables	36	22,782	19,595
Derivative financial liabilities	24	1,389	-
Maintenance reserves	37	35,206	69,423
Income tax payable		839	1,314
		99,458	160,416
Liabilities associated with assets held for sale	31	-	30,438
		99,458	190,854
Total equity and liabilities		**1,001,835**	**1,101,935**

Approved by the board and authorised for issue on 19 October 2026



.....
Robert Jeffries Chatfield
Executive Chairman

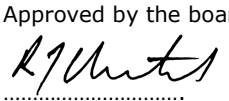
AVATION PLC

COMPANY STATEMENT OF FINANCIAL POSITION
AS OF 30 JUNE 2026

	Note	2026 US$'000s	2025 US$'000s
ASSETS			
Non-current assets			
Trade and other receivables	20	7,032	39,476
Pre-delivery aircraft deposits paid	25	16,454	18,218
Investment in debt instrument, fair value through profit or loss	28	1,888	-
Investment in subsidiaries	23	1,862	2,050
Aircraft purchase rights	26	78,840	91,740
		106,076	151,484
Current assets			
Trade and other receivables	20	15,811	131,878
Pre-delivery aircraft deposits paid	25	23,446	10,960
Derivative financial assets	24	-	635
Cash and cash equivalents	30	29,176	36,952
		68,433	180,425
Total assets		**174,509**	**331,909**
EQUITY AND LIABILITIES			
Equity			
Share capital	32	1,010	1,234
Share premium		79,368	79,447
Treasury shares	32	(2,867)	(16,003)
Merger reserve		6,715	6,715
Other reserves	34	934	(731)
Retained earnings		46,661	77,467
Total equity		131,821	148,129
Non-current liabilities			
Loans and borrowings	35	-	36,293
Trade and other payables	36	144	100,631
Derivative financial liabilities	24	-	3,142
Deferred tax liabilities	38	17,738	17,193
		17,882	157,259
Current liabilities			
Loans and borrowings	35	-	9,442
Trade and other payables	36	23,417	17,079
Derivative financial liabilities	24	1,389	-
		24,806	26,521
Total equity and liabilities		**174,509**	**331,909**

The Company has taken advantage of the exemption under section 408 of the Companies Act 2006 not to present the Company statement of profit or loss and other comprehensive income. The Company's loss for the year was US$3.6 million (2025: loss of US$12.7 million).

Approved by the board and authorised for issue on 19 October 2026



Robert Jeffries Chatfield
Executive Chairman

AVATION PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2026

	Note	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 2025		**1,234**	**79,447**	**(16,003)**	**6,715**	**62,158**	**8,876**	**(1,406)**	**102,818**	**243,839**	**7**	**243,846**
Profit for the year		-	-	-	-	-	-	-	8,419	8,419	-	8,419
Other comprehensive income		-	-	-	-	22,362	-	3,246	-	25,608	-	25,608
Total comprehensive income		-	-	-	-	*22,362*	-	*3,246*	*8,419*	*34,027*	-	*34,027*
Issue of shares	32	5	518	-	-	-	-	(911)	-	(388)	-	(388)
Purchase of treasury shares	32	-	-	(15,185)	-	-	-	-	-	(15,185)	-	(15,185)
Treasury shares re-issue	32	-	(597)	1,676	-	-	-	-	-	1,079	-	1,079
Cancellation of treasury shares	32	(229)	-	26,645	-	-	-	229	(26,645)	-	-	-
Share warrant expense	34	-	-	-	-	-	-	551	-	551	-	551
Dividend paid	40	-	-	-	-		-	-	(649)	(649)	-	(649)
Total transactions with owners recognised directly in equity		*(224)*	*(79)*	*13,136*	-	-	-	*(131)*	*(27,294)*	*(14,592)*	-	*(14,592)*
Release of revaluation reserve upon aircraft written off	33	-	-	-	-	(6,152)	-	-	6,152	-	-	-
Expiry of share warrants	34	-	-	-	-	-	-	(54)	54	-	-	-
Total others		-	-	-	-	*(6,152)*	-	*(54)*	*6,206*	-	-	-
Balance at 30 June 2026		**1,010**	**79,368**	**(2,867)**	**6,715**	**78,368**	**8,876**	**1,655**	**90,149**	**263,274**	**7**	**263,281**

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. See Note 34.

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 2026

	Note	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 2024		**1,182**	**70,120**	**-**	**6,715**	**47,343**	**8,876**	**11,210**	**110,944**	**256,390**	**7**	**256,397**
Loss for the year		-	-	-	-	-	-	-	(7,716)	(7,716)	-	(7,716)
Other comprehensive income		-	-	-	-	14,815	-	(10,140)	-	4,675	-	4,675
Total comprehensive loss		-	-	-	-	*14,815*	-	*(10,140)*	*(7,716)*	*(3,041)*	-	*(3,041)*
Issue of shares	32	52	9,327	-	-	-	-	(2,847)	-	6,532	-	6,532
Purchase of treasury shares	32	-	-	(16,003)	-	-	-	-	-	(16,003)	-	(16,003)
Share warrant expense	34	-	-	-	-	-	-	411	-	411	-	411
Dividend paid	40	-	-	-	-	-	-	-	(450)	(450)	-	(450)
Total transactions with owners recognised directly in equity		*52*	*9,327*	*(16,003)*	-	-	-	*(2,436)*	*(450)*	*(9,510)*	-	*(9,510)*
Expiry of share warrants	34	-	-	-	-	-	-	(40)	40	-	-	-
Total others		-	-	-	-	-	-	*(40)*	*40*	-	-	-
Balance at 30 June 2025		**1,234**	**79,447**	**(16,003)**	**6,715**	**62,158**	**8,876**	**(1,406)**	**102,818**	**243,839**	**7**	**243,846**

AVATION PLC

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2026

	Note	Share capital	Share Premium	Treasury shares	Merger reserve	Other reserves	Retained earnings	Total
		US$'000s	US$'000s	US$'000s	US$'000s	US$'000s	US$'000s	US$'000s
Balance at 1 July 2025		**1,234**	**79,447**	**(16,003)**	**6,715**	**(731)**	**77,467**	**148,129**
Loss for the year		-	-	-	-	-	(3,566)	(3,566)
Other comprehensive income		-	-	-	-	1,850	-	1,850
Total comprehensive loss		*-*	*-*	*-*	*-*	*1,850*	*(3,566)*	*(1,716)*
Issue of shares	32	5	518	-	-	(911)	-	(388)
Purchase of treasury shares	32	-	-	(15,185)	-	-	-	(15,185)
Treasury shares re-issue	32	-	(597)	1,676	-	-	-	1,079
Cancellation of treasury shares	32	(229)	-	26,645	-	229	(26,645)	-
Share warrants expense	34	-	-	-	-	551	-	551
Dividend paid	40	-	-	-	-	-	(649)	(649)
Total transactions with owners, recognised directly in equity		*(224)*	*(79)*	*13,136*	*-*	*(131)*	*(27,294)*	*(14,592)*
Expiry of share warrants	34	-	-	-	-	*(54)*	*54*	-
Total others		*-*	*-*	*-*	*-*	*(54)*	*54*	*-*
Balance at 30 June 2026		**1,010**	**79,368**	**(2,867)**	**6,715**	**934**	**46,661**	**131,821**

Other reserves consists of capital redemption reserve, share warrant reserve and fair value reserve. See note 34.

AVATION PLC

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2026

	Note	Share capital	Share Premium	Treasury shares	Merger reserve	Other reserves	Retained earnings	Total
		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**	**3,026**	**90,609**	**171,652**
Loss for the year		-	-	-	-	-	(12,732)	(12,732)
Other comprehensive income		-	-	-	-	(1,281)	-	(1,281)
Total comprehensive loss		*-*	*-*	*-*	*-*	*(1,281)*	*(12,732)*	*(14,013)*
Issue of shares	32	52	9,327	-	-	(2,847)	-	6,532
Purchase of treasury shares	32	-	-	(16,003)	-	-	-	(16,003)
Share warrants expense	34	-	-	-	-	411	-	411
Dividend paid	40	-	-	-	-	-	(450)	(450)
Total transactions with owners, recognised directly in equity		*52*	*9,327*	*(16,003)*	*-*	*(2,436)*	*(450)*	*(9,510)*
Expiry of share warrants	34	-	-	-	-	*(40)*	*40*	-
Total others		*-*	*-*	*-*	*-*	*(40)*	*40*	*-*
Balance at 30 June 2025		**1,234**	**79,447**	**(16,003)**	**6,715**	**(731)**	**77,467**	**148,129**

AVATION PLC

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2026

	Note	2026 US$'000s	2025 US$'000s
Cash flows from operating activities:			
Profit/(loss) before income tax		10,039	(9,722)
Adjustments for:			
Amortisation of lease incentive asset	9	1,672	3,141
Depreciation expense	19	36,396	37,512
Depreciation of right-of-use assets		293	283
Allowance for/(reversal of) expected credit losses	20,21	3,040	(80)
Finance income	13	(4,898)	(6,295)
Finance expense	14	59,140	62,461
Gain on disposal of aircraft		(4,145)	(3,455)
Interest income from finance leases	9	(805)	(1,219)
Reversal of impairment loss on aircraft	19	(7,786)	(4,831)
Maintenance reserves income	37	(21,565)	(22,086)
Insurance claim recovery - net	10	(52)	-
Share warrants expense	15	551	411
Foreign currency exchange (gain)/loss		(383)	2,834
Unrealised loss on aircraft purchase rights and pre-delivery aircraft deposits paid	25,26	1,442	21,643
Unrealised loss on equity investments	27	3,711	1,630
Operating cash flows before working capital changes		76,650	82,227
Movement in working capital:			
Trade and other receivables and finance lease receivables		(826)	32,147
Pre-delivery aircraft deposits paid		(7,939)	(6,238)
Trade and other payables		5,245	2,625
Maintenance reserves		(725)	17,884
Cash from operations		72,405	128,645
Finance income received		3,452	7,831
Finance expense paid		(41,943)	(43,487)
Income tax paid		(3,115)	(1,486)
Net cash from operating activities		**30,799**	**91,503**
Cash flows from investing activities:			
Dividend income received (money market funds)	13	923	-
Cash receipt from/(investment) in fixed term bank deposits	30	1,042	(1,042)
Purchase of property, plant and equipment	19	(40,201)	(63,249)
Proceeds from settlement of insurance claims	10	33,432	-
Proceeds from disposal of aircraft	19	55,376	39,556
Net cash from/(used in) investing activities		**50,572**	**(24,735)**
Cash flows from financing activities:			
Net proceeds from issuance of ordinary shares	32	162	6,532
Purchase of treasury shares	32	(15,185)	(16,003)
Dividend paid	40	(649)	(450)
Decrease of restricted cash balances	30	28,294	13,548
Proceeds from loans and borrowings, net of transactions costs	35	350,426	109,146
Repayment of loans and borrowings	35	(440,080)	(155,000)
Net cash used in financing activities		**(77,032)**	**(42,227)**
Net increase in cash and cash equivalents		4,339	24,541
Cash and cash equivalents at beginning of year	30	48,102	23,561
Cash and cash equivalents at end of year	30	**52,441**	**48,102**

AVATION PLC

COMPANY STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2026

	Note	2026	2025
		US$'000s	US$'000s
Cash flows from operating activities:			
Loss before taxation		(3,399)	(15,688)
Adjustments for:			
Dividend income		-	(6,700)
Depreciation of right-of-use assets		96	93
Fair value loss on investment in debt instrument	28	5	920
Finance income		(2,549)	(6,239)
Finance expense		2,082	7,420
Gain on disposal of aircraft		-	(3,455)
Impairment loss on investment in subsidiary		188	-
Share warrant expense		551	411
Unrealised loss on aircraft purchase rights and pre-delivery aircraft deposits paid	25,26	1,442	21,643
Operating cash flows before working capital changes		(1,584)	(1,595)
Movement in working capital:			
Trade and other receivables		148,789	6,214
Pre-delivery aircraft deposits paid		(7,939)	(6,238)
Trade and other payables		(94,123)	20,406
Cash generated from operations		45,143	18,787
Finance income received		2,344	5,744
Finance expense paid		(1,256)	(8,574)
Net cash generated from operating activities		**46,231**	**15,957**
Cash flows from investing activities:			
Dividend income received (money market funds)		757	-
Dividend received		-	6,700
Purchase of investment in debt instrument	28	(14,031)	(21,063)
Proceeds from sale of investment in debt instrument	28	12,000	37,504
Purchase of property, plant and equipment	19	(37,576)	(31,311)
Proceeds from disposal of aircraft	19	46,250	39,556
Net cash generated from investing activities		**7,400**	**31,386**
Cash flows from financing activities:			
Net proceeds from issuance of ordinary shares		162	6,532
Purchase of treasury shares		(15,185)	(16,003)
Dividend paid		(649)	(450)
Decrease of restricted cash balances		-	800
Repayment of loans and borrowings		(45,735)	(8,651)
Net cash used in financing activities		**(61,407)**	**(17,772)**
Net (decrease)/increase in cash and cash equivalents		(7,776)	29,571
Cash and cash equivalents at beginning of year	30	36,952	7,381
Cash and cash equivalents at end of year	30	**29,176**	**36,952**

1 GENERAL

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 Equity Shares (Transition) Segment of the Main Market of the London Stock Exchange. The address of the registered office is given on page 1.

As disclosed in the Directors' Report, the Group's principal activity is aircraft leasing. Details of the activities of subsidiary companies are set out in Note 23 to these financial statements.

2 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with UK-adopted International Accounting Standards ("IFRSs") in conformity with the requirements of the Companies Act 2006.

3 MATERIAL ACCOUNTING POLICY INFORMATION

(a) **BASIS OF PREPARATION** – The financial statements have been prepared in accordance with UK-adopted International Accounting Standards ("IFRSs") in conformity with the requirements of the Companies Act 2006.

The financial statements have been prepared on a going concern basis and have been prepared in accordance with the historical cost convention, as modified by the revaluation of certain assets and liabilities.

The financial statements are presented in United States Dollars and all values are rounded to the nearest thousand (US$'000s) unless otherwise indicated. The year-end exchange rate for Pounds Sterling to United States Dollars is 1.32 (2025: 1.37).

The preparation of financial statements in conformity with UK-adopted International Accounting Standards ("IFRSs") requires the use of significant accounting judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial period. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

The accounting policies set out below have been applied consistently throughout the financial period presented in these financial statements by the Company and its subsidiaries, unless otherwise disclosed.

As the governmental and societal responses to climate change are still developing, it is not possible to consider all future outcomes when determining the carrying amount of assets and liabilities in the preparation of the financial statements. The Group's view is that the possible changes arising from climate related risks would not have a material impact on the financial statements.

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(b) **BASIS OF CONSOLIDATION** - The consolidated financial statements comprise the financial statements of the Company and its subsidiaries, together the Group, as at 30 June 2026. Subsidiaries are all entities over which the Group has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has control over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

Whether or not the Group controls an investee is re-assessed if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the shareholders of Avation PLC and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Investments in subsidiaries are stated at cost less impairment in the Company's separate financial statements.

(c) **GOODWILL**- Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

(d) **GOING CONCERN**

These consolidated financial statements have been prepared on a going concern basis. As part of the going concern assessment, management has considered all projected cash inflows and outflows of the Company and its subsidiaries, over the period of 12 months from the date of approval of these financial statements including:

- Current unrestricted cash on hand balance available,
- Projected collections of receivable balances and contracted assets sales,
- Forecasted cash outflows for all contractual debt and lease obligations and selling, general and administrative expenses,
- Forecasted cash outflows for capital expenditure,
- Scheduled maturities of secured and unsecured loans and borrowings.

Management has also conducted sensitivity analysis on projected cash flows for changes in base assumptions around rent collection rates and other significant factors.

Based on this analysis, the Directors are confident that the actions that they have taken and intend to take will ensure that the Group has sufficient liquidity to meet its obligations as they fall due and that it continues to be appropriate to prepare the financial statements on a going concern basis of preparation.

For these reasons we do not consider that the external uncertainties facing the Company rise to the level of material uncertainties.

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(e) **FAIR VALUE MEASUREMENT** – The Group measures financial instruments, such as derivatives, investment in equity and non-financial assets, such as aircraft and aircraft purchase rights in excess of the Group's usage requirements at fair values at each reporting date.

Fair value 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. Fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

In the case of aircraft, unless otherwise disclosed, the assets are valued using lease encumbered value ("LEV"). Under such a valuation, which reflects highest and best use given the fact that the aircraft are held for use in a leasing business, the income streams associated with the lease and the expected future market value of the aircraft at the end of the lease are discounted to current values. The valuers prepare their valuation report based on the market for second hand aircraft, which is active, known and measurable.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(e) FAIR VALUE MEASUREMENT (continued)

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group's management determines the policies and procedures for both recurring fair value measurement, such as aircraft, aircraft purchase rights, pre-delivery aircraft deposits paid, investment in equity, investment in debt instrument and derivative financial assets; and for non-recurring measurement, such as non-current asset held for sale

External valuers are involved for valuation of significant assets, such as aircraft and aircraft purchase rights.

At each reporting date, management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents so far as possible.

Management, in conjunction with the Group's external valuers, also compares the changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(f) **PROPERTY, PLANT AND EQUIPMENT** – All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, aircraft are stated in the statement of financial position at their revalued amount. All items of property plant and equipment other than aircraft are measured at cost less any accumulated depreciation and accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the reporting date. These aircraft have been reviewed for impairment.

Any revaluation increase arising on the revaluation of such aircraft is credited to the asset revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of such aircraft is charged to profit or loss to the extent that it exceeds the balance, if any, held in the assets revaluation reserve relating to a previous revaluation of that asset.

Depreciation on revalued aircraft is charged to profit or loss. On the subsequent sale or retirement of a revalued aircraft, the attributable revaluation surplus remaining in the asset revaluation reserve is transferred directly to retained earnings.

Depreciation is charged so as to write off the cost or valuation of assets less residual values, over their estimated useful lives, using the straight-line method, on the following bases:

Narrow-body jets and turboprops	25 years from date of manufacture
Twin-aisle jets	23 years from date of manufacture
Aircraft engines	15 years from date of acquisition
Furniture and equipment	3 years

Residual values, useful lives and depreciation methods are revised and adjusted if appropriate, at each reporting date. Residual values are based on 15% of cost for new aircraft, estimated scrap values for second hand aircraft and 33% of cost for new aircraft engines.

Fully depreciated assets still in use are retained in the financial statements until they are disposed of or retired.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(g) **PRE-DELIVERY AIRCRAFT DEPOSITS PAID** – Deposits paid to acquire aircraft which are over and above the Group's requirements for use in the leasing business will be disposed of. The Group values these deposits using the discounted cashflow model. These deposits paid are measured at fair value through profit or loss.

(h) **AIRCRAFT PURCHASE RIGHTS –** Purchase rights to acquire aircraft which are over and above the Group's requirement for use in the leasing business will be disposed of. The Group values these excess aircraft purchase rights using the Black Scholes model. Aircraft purchase rights are measured at fair value through profit or loss.

(i) **NON-CURRENT ASSETS HELD FOR SALE** – Non-current assets (and disposal groups) classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal) group is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Property, plant and equipment are not depreciated or amortised once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

(j) **IMPAIRMENT OF NON-FINANCIAL ASSETS** - At each reporting date the Group assesses whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value-in-use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value-in-use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such costs can be identified, an appropriate valuation model is used.

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(j) **IMPAIRMENT OF NON-FINANCIAL ASSETS (continued)**

Impairment losses are recognised in profit or loss to the extent that they do not reverse a previous upwards revaluation. An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase. A reversal of an impairment loss on a revalued asset is recognised in other comprehensive income and increases the revaluation surplus for that asset. However, to the extent that an impairment loss on the same revalued asset was previously recognised in profit or loss, a reversal of that impairment is also recognised in profit or loss.

Impairment losses are recognised as an immediate expense. However, the impairment loss shall be recognised in other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of that asset. The decrease recognised in other comprehensive income reduces the amount accumulated in equity under the heading of revaluation surplus.

(k) **MAINTENANCE RESERVES** - Normal maintenance and repairs, airframe and engine overhauls, and compliance with return conditions of the aircraft placed on operating leases are provided by and paid for by the lessees. Certain lease agreements require the lessees to make maintenance reserve contributions to the Group which subsequently can be drawn on to pay for certain maintenance events carried out. These maintenance reserve balances are accounted for as liabilities.

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, on the occurrence of specified maintenance events.

(l) **SHARE-BASED PAYMENTS** – The Group operates an equity-settled share-based compensation plan. The value of the employee services received in exchange for the grant of warrants is recognised as an expense in profit or loss with a corresponding increase in the warrant reserve over the vesting period. The total amount to be recognised over the vesting period is determined by reference to the fair value of the warrants granted on the date of the grant using the binomial option pricing model method. Non-market vesting conditions are included in the estimation of the number of shares under warrants that are expected to become exercisable on the vesting date. At the end of each reporting period, the Group revises its estimates of the number of shares under warrants that are expected to become exercisable on the vesting date and recognises the impact of the revision of the estimates in profit or loss, with a corresponding adjustment to the warrant reserve over the remaining vesting period.

When the warrants are exercised, the proceeds received and the related balance previously recognised in the warrant reserve are credited to share capital and share premium accounts when new shares are issued to the employees.

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(m) **LEASES**

Group as a lessor

The Group leases aircraft to airlines under operating leases. At lease inception or modification date, the Group reviews all necessary criteria to determine proper lease classification. Leases of aircraft where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised in profit or loss on a straight-line basis over the lease term. The Group recognises contingent rents when they can be reliably measured.

Where the Group transfers substantially all the risks and rewards of ownership of an asset, the lease is classified as a finance lease. Lease receipts are apportioned between finance income and reduction of the finance lease receivable so as to achieve a constant rate of interest on the remaining balance of the asset. Finance income is credited to revenue.

For finance leases, the Group recognise the difference between the net book value of the aircraft and the net finance lease receivables as a gain or loss on sale of aircraft, less any initial direct costs. The unearned income is recognised as finance lease interest income within revenue over the lease term in a manner that produces a constant rate of return on the finance lease receivables.

Under the terms of certain lease agreements, lessees are required to make maintenance contributions to the Group. 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, on the occurrence of specified maintenance events.

End of lease compensation payments made to the Group are recognised as revenue when a reliable estimate of the expected compensation amount can be determined. The Group does not recognise end of lease compensation as revenue if there is a reasonable expectation that the lessee will extend the existing lease agreement rather than returning the aircraft at the end of the current lease period.

Lease maintenance contribution
Some of the Group's leases contain provisions which may require the Company to pay a portion of the lessee's costs for heavy maintenance, overhaul, or replacement of certain high-value components. The Group records liabilities for contractual obligations to contribute to the lessee's cost of major maintenance events expected to occur during the lease. The Group regularly reviews the level of these contractual obligations under current lease contracts and makes adjustments as necessary. Lessor maintenance contributions represent a lease incentive and are recorded as a charge against lease rental income over the life of the associated lease on a straight-line basis. When aircraft are sold the portion of the accrued liability not specifically assigned to the buyer is derecognised from the Consolidated Statement of Financial Position as part of the gain or loss on disposal of the aircraft.

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(m) **LEASES (continued)**

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) **Right-of-use assets**

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Right-of-use assets are also subject to impairment.

The Group's lease arrangements do not contain an obligation to dismantle and remove the underlying asset, restore the site on which it is located or restore the underlying asset to a specified condition.

The Group's right-of-use assets are included in trade and other receivables.

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(m) **LEASES (continued)**

ii) **Lease liabilities**

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Group's lease liabilities are included in trade and other payables.

iii) **Short-term leases and leases of low-value assets**

The Group applies the short-term lease recognition exemption to its short-term leases of equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low-value.

Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(n) **REVENUE RECOGNITION** – The Group as lessor, leases aircraft principally under both operating leases and finance leases. Revenue which is not derived from leases is measured as follows:

(i) Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

(ii) Dividend income from investments is recognised when the Company's right to receive payment has been established.

(o) **CONTINGENCIES** – A contingent liability is:

(i) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(ii) a present obligation that arises from past events but is not recognised because:

i. It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
ii. The amount of the obligation cannot be measured with sufficient reliability.

(p) **TAXATION** - Taxation expense represents the sum of current tax and deferred tax.

Current tax is based on taxable profit for the financial period. Taxable profit differs from profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(p) **TAXATION (continued)**

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

The Company is tax resident in Singapore.

(q) **FOREIGN CURRENCIES** - The Group's consolidated financial statements and Company financial statements are presented in United States Dollars. The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency) and United States Dollars is the functional currency of most Group entities, including Avation PLC.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at rates prevailing on the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(r) FINANCIAL INSTRUMENTS

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

Subsequent measurement

For the purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

(i) Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and

- The contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group and Company's financial assets at amortised cost are cash and bank balances, trade and other receivables and finance lease receivables.

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(r) FINANCIAL INSTRUMENTS (continued)

(ii) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, debt instruments may be designated at fair value though profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

The Group and Company's financial assets at fair value through profit or loss are aircraft purchase rights, investment in equity, investment in debt instrument and derivative financial assets.

Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income for financial assets is recognised in profit or loss.

Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition. Financial liabilities are recognised initially at fair value minus, in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(r) FINANCIAL INSTRUMENTS (continued)

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

(i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition at fair value. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial liabilities are recognised in profit or loss.

The Group and Company's financial liabilities at fair value through profit or loss are derivative financial liabilities, including share warrants.

(ii) Financial liabilities at amortised cost

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

The Group and Company's financial liabilities at amortised cost are trade and other payables, loans and borrowings and maintenance reserves.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(s) **IMPAIRMENT OF FINANCIAL ASSETS** - The Group recognises an allowance for expected credit losses ("ECLs") for all financial assets not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

Loss allowances of the Group are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or

- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

(i) Simplified approach
The Group applies the simplified approach to provide for ECLs for all trade and other receivables. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

The Group established a credit risk matrix based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

(ii) General approach
The Group applies the general approach to provide for ECLs on finance lease receivables and all other financial assets not held at fair value through profit or loss. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(s) **IMPAIRMENT OF FINANCIAL ASSETS (continued)**

For the purpose of recognition of an allowance for ECL, the Group considers a financial asset to be in default:

- When the lessee does not pay the amounts due under its lease agreements to the Group in excess of the security deposit or the value of the collateral. The Group will recognise an allowance for ECL based on the historical observed default rates, current credit rating of the customers, forecasted economic conditions to assess the amount of ECL allowance required
.
- Financial assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 90 days past due or where the trade receivables were in excess of the security packages held by the Group.

- in the case where the financial asset is not secured, when the financial asset is more than 90 days past due.

(t) **RESTRICTED CASH AND CASH AND CASH EQUIVALENTS**

- Restricted cash balances comprise bank balances which are pledged as security for certain loan obligations.

- Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to insignificant risk of changes in value.

(u) **TRADE AND OTHER PAYABLES** – Liabilities for trade and other payables which are normally settled within 30 to 60 days credit terms, are initially carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Group and subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(v) **LOANS AND BORROWINGS** - Interest-bearing loans from banks and financial institutions are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings.

- Modification of loans – The Group assesses whether the new terms of modified third party loans results in a modification of contractual cash flows substantially different to the original terms. In making this assessment, the Group considers, among others, significant changes in the interest rate. If the terms are substantially different, the Group derecognises the original financial liability and recognises a new financial liability at fair value and recalculates a new effective interest rate for the liability. If the terms are not substantially different, the modification does not result in derecognition, and the Group recalculates the gross carrying amount based on the revised cash flows of the liability recalculated by discounting the modified cash flows at the original effective interest rate and recognises a modification gain or loss in profit or loss. The present value of the modified cash flow of the financial liability is subsequently measured at and amortised using the effective interest rate method over the remaining life of the loan and recorded as part of finance expense in the consolidated statement of profit or loss.

(w) **SHARE CAPITAL, SHARE ISSUANCE EXPENSES AND TREASURY SHARES** - Proceeds from issuance of ordinary shares in excess of the par value are recognised in share premium in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted from share premium.

Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in share premium.

On cancellation of treasury shares, the nominal value of the shares cancelled is transferred from share capital to the capital redemption reserve, with any remaining balance transferred within equity.

(x) **DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING** – The Group uses derivative financial instruments such as interest rate swap contracts and cross currency swap contracts to hedge its risks associated with interest rate fluctuations. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into, and are subsequently re-measured at fair value.

Any gains or losses arising from changes in fair value on derivatives that do not qualify for hedge accounting are taken directly into profit or loss. At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(x) **DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING (continued)**

The documentation includes identification of the hedged item or transaction, the hedging instrument, the nature of the risk being hedged and how the Group will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's (or transaction's) cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in cash flows, and are assessed on an ongoing basis to determine that they have been highly effective throughout the financial reporting periods for which they are designated.

Cash flow hedges
Hedges are classified as cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and could affect profit or loss. The effective portion of the gain or loss on the hedging instrument is recognised directly in the fair value reserve, while the ineffective portion is recognised in profit or loss.

Amounts taken to the fair value reserve are transferred to profit or loss when the hedged transaction affects profit or loss, such as when a forecast sale or purchase occurs. If the hedged item is a non-financial asset or liability, the amounts taken to the fair value reserve are transferred to the initial carrying amount of the non-financial asset or liability.

If the hedged future cashflows are no longer expected to occur, amounts previously recognised in hedging reserve are transferred to profit or loss. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognised in hedging reserve remain in other comprehensive income until the future cash flows occur, if the hedged future cash flows are still expected to occur.

(y) **SEGMENTAL REPORTING** - Operating segments are reported in a manner consistent with the internal reporting provided to the Board of Directors who are responsible for allocating resources and assessing performance of the operating segment. The Group's principal activity is aircraft leasing and therefore there is only one reportable segment. The financial results from this segment are equivalent to the financial statements of the Group as a whole.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and assumptions concerning the future are made in the preparation of financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses and disclosures made. They are assessed on an ongoing basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group has considered the impact of climate change on the accounting estimates and judgements. Many effects arising from climate change will be longer term in nature, with an inherent level of uncertainty, and have been assessed as having limited effect on accounting judgements and estimates for the current period. Refer to page 18 on the climate related financial disclosures in the strategic report.

Key sources of estimation uncertainty
The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) **Impairment and review of residual value of property, plant and equipment – aircraft**

The Group periodically evaluates its aircraft for impairment and also reviews the residual value of the aircraft. Management exercises significant judgement in determining whether there is any indication that any aircraft may have been impaired or if there are any indications of changes in residual value. This exercise involves management considering both internal and external sources of information which include but are not limited to: observable indications that the value of the aircraft has declined during the period significantly more than would be expected as a result of the passage of time or normal use; significant adverse changes in the expected usage of the aircraft, technological or aviation environment that have taken place or will take place in the near future; significant increase in market interest rates; evidence of obsolescence or physical damage of the aircraft and worse than expected economic performance of the aircraft.

The carrying amount of property, plant and equipment at the end of the reporting period is disclosed in Note 19.

(b) **Revaluation of property, plant and equipment – aircraft**

The Group periodically revalues its aircraft to lease encumbered value ("LEV"). Under such a valuation, which reflects the highest and best use given the fact that the aircraft are held for use in a leasing business, the income streams associated with the lease and the expected future market value of the aircraft at the end of the lease are discounted to current values. Critical assumptions made in determining LEV are the discount rate applied to cashflows associated with the lease and the expected future value of aircraft at the end of the lease. The factors considered in estimating the undiscounted cash flows are impacted by changes in future periods due to changes in projected lease rental and maintenance payments, residual values, economic conditions, technology, airline demand for a particular aircraft type and other factors.

The carrying amount of property, plant and equipment - aircraft at the end of the reporting period is disclosed in Note 19.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

(c) **Impairment of financial assets**

The Group follows the guidance of IFRS 9 Financial Instruments in determining when a financial asset is impaired, and this requires judgement on the correlation between historical observed default rates and ECLs. The Group's methodology for calculating ECLs is set out in Note 7.

The carrying amount of financial assets at the end of the reporting period is disclosed in Note 7.

(d) **Fair value estimation for pre-delivery aircraft deposits paid**

The fair value of the pre-delivery aircraft deposits paid is calculated by discounting the cashflow of the pre-delivery payments using market-based discount rates. Critical assumptions made in determining the fair value of pre-delivery aircraft deposits paid include the discount rate and forecast inflation rate.

The carrying amount of pre-delivery aircraft deposits paid at the end of the reporting period is disclosed in Note 25.

(e) **Fair value estimation for aircraft purchase rights**

The Group values aircraft purchase rights using the Black Scholes pricing model. Critical assumptions made in determining the fair value of the aircraft purchase rights include the assumed delivery date, exercise date and asset price.

The carrying amount of aircraft purchase rights at the end of the reporting period is disclosed in Note 26.

(f) **Recognition of maintenance reserves income**

The Group applies estimation in the determination of total maintenance reserves collected expected to be reimbursed to the lessee over the lease term. 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, on the occurrence of specified maintenance events

The carrying amount of maintenance reserves at the end of the reporting period is disclosed in Note 37.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Judgements made in applying accounting policies
In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

(a) **Income taxes and deferred income taxes**

a. Avation Group (S) Pte Ltd and its subsidiaries were awarded another 5-year Aircraft Leasing Scheme Incentive by the Singapore Economic Development Board, where income from operating leases for aircraft and aircraft engines and qualifying activities will be taxed at a concessionary rate of 8%. Accordingly, qualifying income derived from the period 17 April 2024 to 16 April 2029 will be taxed at the 8% concessionary rate subject to meeting the terms and conditions of the incentives. Management's judgement is required in the application of the concessionary tax rate of 8% in determining the carrying amount of deferred tax assets and liabilities for temporary differences that are expected to be realised or settled beyond 16 April 2029.

b. Deferred tax assets are recognised for all unabsorbed capital allowances and unutilised tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits.

5 NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

(a) **Standards and interpretations adopted during the year**

The Group has adopted all new standards that have come into effect during the year ended 30 June 2026. The adoption of these standards did not have any material effect on the financial performance or position of the Group and the Company.

(b) **New standards and interpretations not yet adopted**

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 IFRS 9 and IFRS 7: Classification and Measurement of Financial Instruments	1 January 2026
Annual Improvement Volume 11	1 January 2026
IFRS 18 – Presentation and Disclosure in Financial Statements	1 January 2027
IFRS 19 - Subsidiaries without Public Accountability: Disclosures	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

The Group is currently assessing the impact of the adoption of the above standards on the financial statements. The assessment is ongoing and the impact will be determined upon completion of the Group's analysis. The Group plans to adopt the above standards on their respective effective dates.

6 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, 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.

Group	**2026**		**2025**	
	Carrying amount US$'000s	**Fair value** US$'000s	**Carrying amount** US$'000s	**Fair value** US$'000s
Financial assets:				
Finance lease receivables – non-current	-	-	11,129	10,301
Deposits paid for pre-delivery aircraft	39,900	39,900	29,178	29,178
Derivative financial assets	995	995	1,550	1,550
Aircraft purchase rights	78,840	78,840	91,740	91,740
Investment in equity, fair value through profit or loss	5,404	5,404	9,115	9,115
Financial liabilities:				
Deposits collected – non-current	16,838	15,559	15,313	13,379
Loans and borrowings other than unsecured notes – non-current	243,193	229,985	286,565	264,290
Unsecured notes	293,692	281,312	295,688	301,549
Share warrants	1,389	1,389	3,142	3,142

Company	**2026**		**2025**	
	Carrying amount US$'000s	**Fair value** US$'000s	**Carrying amount** US$'000s	**Fair value** US$'000s
Financial assets:				
Deposits paid for pre-delivery aircraft	39,900	39,900	29,178	29,178
Derivative financial assets	-	-	635	635
Aircraft purchase rights	78,840	78,840	91,740	91,740
Investment in debt instrument	1,888	1,888	-	-
Financial liabilities:				
Loans and borrowings - non-current	-	-	36,293	33,883
Share warrants	1,389	1,389	3,142	3,142

6 FAIR VALUE MEASUREMENT (continued)

The fair values (other than for unsecured notes, aircraft purchase rights, investment in debt instrument, fair value through profit and loss, investment in equity) 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 the 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.

The fair value of aircraft purchase rights are classified under level 2 of the fair value hierarchy in for which the aircraft price volatility rates are observable and included in the determination of fair value using the Black Scholes model.

Assets measured at fair value classified under level 3:

	Group		Company	
	2026	**2025**	**2026**	**2025**
	US$'000s	US$'000s	US$'000s	US$'000s
Fair value measurement using significant unobservable inputs:				
Aircraft	733,234	725,116	-	-

Aircraft were revalued at 30 June 2026 and 30 June 2025. Refer to Note 19 for the details on the valuation technique and significant inputs used in the valuation.

6 FAIR VALUE MEASUREMENT (continued)

Information about significant unobservable inputs used in level 3 fair value measurements.

The following table provides the information about the fair value measurements using unobservable inputs (level 3):

Description	Valuation techniques	Unobservable inputs	Range (weighted average) 2026	Range (weighted average) 2025	Sensitivity of the input to fair value
Aircraft	Lease-encumbered basis	Discount rates	5.50% to 7.25% for Jets (6.16%) 5.50% to 7.00% for Turboprops (6.16%)	5.50% to 7.00% for Jets (6.05%) 5.50% to 7.00% for Turboprops (6.14%)	Jet 5% (2025 : 5%) increase in the discount rates will results in a decrease in fair value by US$4.3 million (2025 : decrease of US$6.1 million) 5% (2025 : 5%) increase in the inflation rate will result in an increase in fair value by US$1.3 million (2025 : increase of US$1.9 million) Turboprops 5% (2025 : 5%) increase in the discount rates will result in a decrease in fair value by US$2.7 million (2025 : decrease of US$1.7 million) 5% (2025 : 5%) increase in the inflation rate will result in an increase in fair value by US$1.4 million (2025: increase of US$0.8 million)
		Inflation rates	2.35% to 2.68% for Jets (2.45%) 2.35% to 2.68% for Turboprops (2.41%)	2.29% to 2.52% for Jets (2.39%) 2.26% to 2.73% for Turboprops (2.47%)	

6 FAIR VALUE MEASUREMENT (continued)

A reconciliation of liabilities arising from financing activities is as follows:

Group	1 July 2025 US$'000s	Cash flows US$'000s	Non-cash/ other US$'000s	30 June 2026 US$'000s
Loans and borrowings:				
Current	70,084	(37,781)	6,939	39,242
Non-current	286,565	(40,021)	(3,351)	243,193
Unsecured notes:				
Non-current	295,688	(11,852)	9,856	293,692
	652,337	(89,654)	13,444	576,127

Group	1 July 2024 US$'000s	Cash flows US$'000s	Non-cash/ other US$'000s	30 June 2025 US$'000s
Loans and borrowings:				
Current	49,668	(46,496)	66,912	70,084
Non-current	323,117	22,258	(58,810)	286,565
Unsecured notes:				
Non-current	302,309	(21,616)	14,995	295,688
	675,094	(45,854)	23,097	652,337

6 FAIR VALUE MEASUREMENT (continued)

Company	1 July 2025	Cash flows	Non-cash/ other	30 June 2026
	US$'000s	US$'000s	US$'000s	US$'000s
Loans and borrowings:				
Current	9,442	(9,442)	-	-
Non-current	36,293	(36,293)	-	-
	45,735	(45,735)	-	-

Company	1 July 2024	Cash flows	Non-cash/ other	30 June 2025
	US$'000s	US$'000s	US$'000s	US$'000s
Loans and borrowings:				
Current	8,652	(8,651)	9,441	9,442
Non-current	45,734	-	(9,441)	36,293
Trade and other payables:				
Interest-bearing payable due to subsidiaries	58,572	43,124	-	101,696
	112,958	34,473	-	147,431

The 'other' column includes the amortisation of transaction costs and reclassification of non-current portion of loans and borrowings due to passage of time.

7 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's activities expose it to a number of market related, operational and financial risks. Risk is mitigated through the application of prudent risk management policies. The risks described below are those that the Group has identified as the most significant risks to the business. The Directors are responsible for managing risk and review risk management policies regularly.

The Group utilises derivative financial instruments as part of its overall risk management strategy.

(a) Airline Industry Risks

The Group faces risks specific to the aviation sector including war, extremism, equipment failure and pandemics. These exposures are managed through the requirement for the airlines that lease the Group's assets to maintain insurance, adequate maintenance policies and/or contribute to a maintenance reserve for the major maintenance events for each aircraft.

7 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(b) **Credit risk**

Credit risk refers to the risk that debtors will default on their obligations to repay amounts owing to the Group.

The Group has adopted a prudent credit policy towards extending credit terms to customers and in monitoring those credit terms. This includes assessing customers' credit standing and periodic reviews of their financial status to determine appropriate credit limits. The Group typically requires its customers to pay rentals monthly in advance and provide collateral in the form of cash or letters of credit as security deposits for leases. See Note 37.

The maximum exposure to credit risk in the event that counterparties fail to perform their obligations in relation to each class of financial assets is the carrying amount of those assets as stated in the statement of financial position.

The maximum exposure to credit risk for trade receivables at the reporting date by geographical area is:

	Group		Company	
	2026	**2025**	**2026**	**2025**
	US$'000s	US$'000s	US$'000s	US$'000s
Asia-Pacific	7,505	5,822	-	-
Europe	-	8	-	-
South America	33	-	-	-
	7,538	5,830	-	-

For trade receivables, the Group has applied the simplified approach and has calculated ECLs based on lifetime expected losses. The Group has established a credit risk matrix based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The ECL calculations are based on probability of defaults and loss given default rates of each customer. The Group uses judgements in making these assumptions based on past events, current conditions and forecasts of economic conditions.

Financial assets that are past due and/or impaired

There is no class of financial assets that are past due and/or impaired except for trade receivables and interest-bearing receivables. An allowance for expected credit losses of US$0.5 million (2025: US$0.4 million) has been provided in relation to trade receivables past due and impaired of US$0.9 million (2025: US$0.7 million).

7 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(b) **Credit risk (continued)**

The age analysis of trade receivables past due but not impaired is as follows:

	Group	
	2026	**2025**
	US$'000s	US$'000s
Past due less than 3 months	2,030	2,415
Past due 3 to 6 months	1,189	1,128
Past due over 6 months	3,763	1,993
	6,982	**5,536**

Bank deposits that are neither past due or impaired are mainly deposits with banks with strong credit–ratings from international credit-rating agencies. While cash and bank balances are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

Other receivables from third parties which comprise interest-bearing customer loans are subject to credit risks similar to trade receivables. Expected credit losses on other receivables are calculated using the same methodology as for trade receivables.

Other receivables from subsidiaries are low in default credit risk as these subsidiaries are financially sound and with good payment track records.

For finance lease receivables, the Group applied the general approach under the standard. The Group's finance lease receivables are considered to have low credit risk and the loss allowance recognised during the period was therefore limited to 12 months expected credit losses on non-secured amounts. The loss allowance for finance lease receivables are recognised in profit or loss and reduce the carrying amounts of the finance lease receivables. The Group reversed a loss allowance of US$17,000 in respect of its finance lease receivables during the year ended 30 June 2026. The Group provided a loss allowance for US$7,000 in respect of its finance lease receivables during the year ended 30 June 2025.

(c) **Interest rate risk**

The Group is exposed to interest rate risk through the impact of interest rate changes on floating rate interest-bearing liabilities and assets.

The Group seeks to reduce its exposure to interest rate risk by fixing interest rates on the majority of its loans and borrowings. As at 30 June 2026, 97.3% (2025: 84.2%) of the Group's loans and borrowings are at fixed or hedged interest rates. Interest rate risk is not material and therefore no sensitivity analysis is presented.

Interest rates and repayment terms for financial assets and financial liabilities are disclosed in the respective notes to the financial statements as of 30 June 2026.

7 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(d) Foreign currency risk

Foreign currency risk arises from transactions and cash balances that are not denominated in the Group's functional currency. The Group aims to mitigate foreign currency risk by holding the majority of its cash balances in United States Dollars. From time to time the Group utilises forward foreign currency contracts to hedge its exposure to specific currency risks. The Group's foreign currency exposure is as follows:

Group	Restricted cash, cash and cash equivalents	Other financial assets	Other financial liabilities	Net currency exposure
	US$'000s	US$'000s	US$'000s	US$'000s
2026:				
Pound sterling	177	-	(367)	(190)
Australian dollar	23	-	-	23
Euro	6,625	20	(21,924)	(15,279)
Singapore dollar	708	207	(800)	115
	7,533	**227**	**(23,091)**	**(15,331)**
2025:				
Pound sterling	123	-	(121)	2
Australian dollar	13	-	-	13
Euro	7,225	2,622	(39,230)	(29,383)
Singapore dollar	261	80	(731)	(390)
	7,622	**2,702**	**(40,082)**	**(29,758)**

Company	Restricted cash, cash and cash equivalents	Other financial assets	Other financial liabilities	Net currency exposure
	US$'000s	US$'000s	US$'000s	US$'000s
2026:				
Pound sterling	90	-	(102)	(12)
Australian dollar	23	-	-	23
Euro	202	-	(419)	(217)
Singapore dollar	271	30	(43)	258
	586	**30**	**(564)**	**(52)**
2025:				
Pound sterling	43	-	(102)	(59)
Australian dollar	13	-	-	13
Euro	-	-	(431)	(431)
Singapore dollar	101	30	(18)	113
	157	**30**	**(551)**	**(364)**

7 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(d) Foreign currency risk (continued)

The table below illustrates the effect on total profit and total equity that would result from a strengthening of foreign currencies against the United States Dollar by 10% (2025: 10%) with all other variables including tax rate being held constant:

	Group		Company	
	2026	**2025**	**2026**	**2025**
	US$'000s	US$'000s	US$'000s	US$'000s
Foreign currency:				
Pound sterling	(19)	1	(1)	(6)
Australian dollar	2	1	2	1
Euro	(1,528)	(2,938)	(22)	(43)
Singapore dollar	12	(39)	26	11

A weakening of the respective currencies by 10% against the United States Dollar would have an equal and opposite effect.

The Group entered into Euro denominated lease agreements for aircraft and subsequently arranged Euro denominated financing and cross-currency swap contracts in order to hedge exposure to foreign exchange risk associated with Euro denominated lease revenue by offsetting Euro cash inflows and outflows over the lease term. See note 24.

(e) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group monitors and maintains a level of cash and cash equivalents that management deems adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

7 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(e) Liquidity risk (continued)

Analysis of financial liabilities by remaining contractual maturities

The table below summarises the maturity profile of the Group's financial liabilities at the end of the reporting period based on contractual undiscounted repayment obligations:

Group	One year or less US$'000s	One to five years US$'000s	Over five years US$'000s	Total US$'000s
2026:				
Financial liabilities:				
Trade and other payables	7,524	8,914	12,067	28,505
Loans and borrowings*	80,228	635,370	35,513	751,111
Maintenance reserves	35,206	47,528	-	82,734
	122,958	691,812	47,580	862,350
2025:				
Financial liabilities:				
Trade and other payables	4,925	5,424	13,396	23,745
Loans and borrowings*	106,903	588,285	45,983	741,171
Maintenance reserves	69,423	31,360	-	100,783
	181,251	625,069	59,379	865,699

* The maturity profile on loans and borrowings includes maturity analysis of derivative financial liabilities.

7 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(e) Liquidity risk (continued)

Analysis of financial liabilities by remaining contractual maturities

The table below summarises the maturity profile of the Company's financial liabilities at the end of the reporting period based on contractual undiscounted repayment obligations:

Company	One year or less US$'000s	One to five years US$'000s	Over five years US$'000s	Total US$'000s
2026:				
Financial liabilities:				
Trade and other payables	23,427	150	-	23,577
Loans and borrowings*	-	-	-	-
	23,427	150	-	23,577
2025:				
Financial liabilities:				
Trade and other payables	17,068	100,647	-	117,715
Loans and borrowings*	11,629	36,745	-	48,374
	28,697	137,392	-	166,089

* The maturity profile on loans and borrowings include maturity analysis of derivative financial liabilities.

7 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(f) Capital risk

For the purpose of the Group's capital management, capital includes debt and equity items such as issued capital, share premium and all other equity reserves attributable to the equity holders of the parent.

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain a suitable capital structure so as to fund growth and maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payments, return capital to shareholders, issue new shares, buy back issued shares, incur new borrowings or sell assets to reduce borrowings.

Management monitors capital based on a gearing ratio. The gearing ratio is calculated as net indebtedness divided by total assets. Net indebtedness is calculated as loans and borrowings less cash and cash equivalents.

The Group calculates its gearing ratio on the basis of net indebtedness divided by total assets.

	Group		Company	
	2026	**2025**	**2026**	**2025**
	US$'000s	US$'000s	US$'000s	US$'000s
Net indebtedness	523,686	604,235	N/A	8,783
Total assets	1,001,835	1,101,935	174,509	331,909
Gearing ratio:	52.3%	54.8%	N/A%	2.6%

8 RELATED PARTY TRANSACTIONS

In addition to related party information disclosed elsewhere in these financial statements, the following transactions took place between the Group and related parties at terms agreed between the parties.

(a) Remuneration of key management personnel

The remuneration of Directors and key management includes fees, salary, bonus, commission and other emoluments (including benefits-in-kind) based on the cost incurred by the Company and the Group, and where the Company or Group did not incur any costs, the value of the benefits. Group and Company key management personnel short-term employee benefits includes US$0.6 million (2025: US$0.4 million) and US$0.6 million (2025: US$0.4 million) respectively for share warrants expense. Key management remuneration is as follows:

	Group		Company	
	2026	**2025**	**2026**	**2025**
	US$'000s	US$'000s	US$'000s	US$'000s
Key management:				
Short-term employee benefits	3,802	3,451	1,193	1,180

The amount above includes remuneration in respect of the highest paid Director as follows:

	Group	
	2026	**2025**
	US$'000s	US$'000s
Aggregate emoluments	1,075	1,019

The Directors do not receive any pension contribution from the Company.

Refer to Directors' remuneration report for details.

8 RELATED PARTY TRANSACTIONS (continued)

(b) **Significant related party transactions:**

	Group		Company	
	2026	**2025**	**2026**	**2025**
	US$'000s	US$'000s	US$'000s	US$'000s
Entities controlled by key management personnel (including Directors):				
Lease liability paid	(323)	(316)	(108)	(105)
Consulting fee expense	(544)	(389)	(349)	(389)
Service fee income	95	89	-	-

Refer to note 20 and note 36 for balances with related parties and subsidiaries.

(c) **Significant transactions between the Company and its subsidiaries:**

	Company	
	2026	**2025**
	US$'000s	US$'000s
Dividend income	-	6,700
Interest income	1,067	4,947
Management fee income	1,603	1,500
Sale of unsecured notes	12,000	37,721
Sale of aircraft	46,250	-
Interest expense	(184)	(3,820)

9 REVENUE

	Group	
	2026	**2025**
	US$'000s	US$'000s
Lease rental revenue	82,524	89,935
Less: amortisation of lease incentive asset	(1,672)	(3,141)
	80,852	86,794
Interest income on finance leases	805	1,219
Maintenance reserves income	21,565	22,086
End of lease compensation	6,871	-
	110,093	**110,099**

Maintenance reserves were released to profit or loss as income of US$18.6 million in the year ended 30 June 2026 (2025: US$22.1 million) as the scope of some major maintenance events was reduced, resulting in lower reimbursements, and some major maintenance events are now not forecasted to occur during the term of the current leases. The remaining US$3.0 million of the maintenance reserves were released following the expiry and termination of related leases. See Note 37.

Geographical analysis

	Group	
	2026	**2025**
	US$'000s	US$'000s
Asia Pacific	82,344	90,491
Europe	25,445	19,608
South America	2,304	-
	110,093	**110,099**

During the year ended 30 June 2026, five customers individually represented more than 5% of the Group's total revenue (2025: five) of which three are based in Asia-Pacific (2025: four) and two are based in Europe (2025: one). The largest customer, who is based in Asia-Pacific, accounts for US$40.1 million or 36.4% of the Group's total revenue (2025: US$46.2 million or 41.9%).

10 OTHER INCOME

	Group	
	2026	**2025**
	US$'000s	US$'000s
Security deposit released	816	-
Fees for late payment	605	1,364
Foreign currency exchange gain	149	-
Recovery of claims from customers	-	682
Insurance claim recovery - net	52	-
Others	365	402
	1,987	**2,448**

During the year, one Airbus A220-300 aircraft was written off and a full insurance claim was made. Net income from the insurance claim for the written off A220-300 of US$0.1 million was reported in the year ended 30 June 2026. The net insurance claim recovery consists of the aircraft written off of US$33.3 million and insurance claim recovery of US$33.4 million.

11 ADMINISTRATIVE EXPENSES

	Group	
	2026	**2025**
	US$'000s	US$'000s
Staff costs (note 15)	6,144	5,682
Other administrative expenses	4,692	3,444
	10,836	**9,126**

12 OTHER EXPENSES

	Group	
	2026	**2025**
	US$'000s	US$'000s
Foreign currency exchange loss	**-**	**2,336**

13 FINANCE INCOME

	Group	
	2026	**2025**
	US$'000s	US$'000s
Interest income from financial institutions	2,285	4,435
Interest income from non-financial institutions	34	271
Dividend income (money market funds)	923	-
Finance income from discounting non-current deposits	665	629
Swap break gain	991	-
Gain on early full repayment of borrowings	-	960
	4,898	**6,295**

The swap break gain arose from the early unwind of the fixed-rate funding arrangement associated with an aircraft financing facility.

A gain on early full repayment of borrowings arose when loans were refinanced.

14 FINANCE EXPENSES

	Group	
	2026	**2025**
	US$'000s	US$'000s
Interest expense on borrowings	15,357	17,033
Interest expense on unsecured notes	24,932	26,924
Amortisation of loan transaction cost	1,765	1,979
Amortisation of IFRS 9 gain on debt modification of the unsecured notes	4,188	13,885
Amortisation of interest expense on non-current deposits	671	628
Fair value loss on financial derivatives	1,281	1,188
Loss on early repayment of unsecured notes	10,063	599
Loss on early full repayment of borrowings	606	-
Others	277	225
	59,140	**62,461**

Amortisation of IFRS 9 gain on debt modification of unsecured notes of US$4.2 million (2025: US$13.9 million) relates to the gain on debt modification of the unsecured notes in 2021 which was amortised as part of the effective interest rate method.

During the year, the loss on early repayment of unsecured note arose when the Group repurchased its unsecured notes through the market ranging from 99.3 cents per note to 99.8 cents (2025: 97.5 cents per note to 98.5 cents) per note.

15 STAFF COSTS

	Group	
	2026	**2025**
	US$'000s	US$'000s
Salaries and fees	4,979	4,599
Bonuses	320	372
Defined contribution plans	216	196
Benefits	78	104
Warrants expense	551	411
	6,144	**5,682**

The average number of Directors of the Company for the year is 5 (2025: 5). The average number of other employees for the year is 18 (2025: 20) and in the following departments:

	Group	
	2026	**2025**
Administrative	4	4
Commercial	3	4
Finance	5	5
Legal	3	4
Technical	3	3
	18	**20**

16 PROFIT/(LOSS) BEFORE TAXATION

Profit/(loss) before taxation for the year is stated after charging/(crediting) the following:

	Group	
	2026	**2025**
	US$'000s	US$'000s
Depreciation of property, plant and equipment	36,396	37,512
Foreign currency exchange (gain)/loss	(149)	2,336
Audit fees:		
Fees payable to the Company's auditor and their associates for the audit of the Company's annual accounts	418	431
Fees payable to the Company's auditor and their associates for audits of the Company's subsidiaries' annual accounts	363	371
Total audit fees	**781**	**802**
Auditors' remuneration for non-audit services:		
- Tax compliance services	-	-
- All other assurance services	206	-
Total fees for non-audit services	**206**	**-**

17 TAXATION

	Group	
	2026	**2025**
	US$'000s	US$'000s
From continuing operations		
Current tax expense:		
- Singapore	610	220
- Overseas	473	1,270
Over provision in prior years current tax expense:		
- Singapore	(672)	(371)
- Overseas	(33)	(199)
Deferred tax expense/(benefit):		
- Singapore	2,202	(3,098)
- Overseas	(1,308)	(841)
Under provision in prior years deferred tax expense:		
- Singapore	348	1,013
- Overseas	-	-
Income tax expense/(credit)	**1,620**	**(2,006)**

17 TAXATION (Continued)

Income tax differs from the amount of income tax expense determined by applying the Singapore tax rate of 17% to profit/(loss) before income tax as a result of the following differences:

	Group	
	2026	**2025**
	US$'000s	US$'000s
Profit/(loss) before income tax	10,039	(9,722)
Tax calculated at 17% (2025: 17%)	1,707	(1,653)
Effects of:		
Over provision in prior years current tax expense		
- Singapore	(672)	(371)
- Overseas	(33)	(199)
Under provision in prior years deferred tax expense:		
- Singapore	348	1,013
- Overseas	-	-
Non-deductible items	5,742	1,831
Income not subject to tax	(4,153)	(1,830)
Different tax rates of other countries	(309)	(590)
Deferred tax asset not recognised	1,729	1,583
Utilisation of deferred tax asset not recognised	(463)	(1,362)
Effect of concessionary tax rate at 8%, tax exemption and tax relief	(2,294)	(500)
Others	18	72
Income tax expense/(credit)	**1,620**	**(2,006)**

The Group has unutilised tax losses of approximately US$40.8 million (2025: US$26.5 million) and unabsorbed capital allowances of approximately US$109.2 million (2025: US$190.5 million) that are available for offset against future taxable profits indefinitely, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these unutilised losses and capital allowances is subject to the agreement of tax authorities and compliance with certain provisions of tax legislation of the countries in which the Group operates.

During the year the Luxembourg tax authorities raised assessments in respect of prior years relating to the operations of one of the Group's subsidiaries, in particular the application of the arm's length principle on certain loan arrangements and the treatment of the buyback and cancellation of debt. To appeal against these assessments the Group has been required to pay the disputed amounts, amounting to approximately US$2.0 million, which has been treated as a receivable. Based on external advice management is confident that a favourable outcome will be achieved. While management believes the recognised amount represents its best estimate of the outcome, any final resolution of the matter and its timing remain uncertain, are reliant on Luxembourg appeal processes, and could differ from current estimates. Any such differences will be recognised in the period in which the uncertainty is resolved.

18 EARNINGS PER SHARE

(a) Basic earnings per share ("EPS")

EPS is calculated by dividing total profit/(loss) attributable to shareholders of Avation PLC by the weighted average number of ordinary shares in issue during the year.

	Group	
	2026	**2025**
	US$'000s	US$'000s
Net profit/(loss) attributable to shareholders of Avation PLC	8,419	(7,716)
Weighted average number of ordinary shares ('000s)	63,008	68,798
Basic earnings per share (US cents)	13.36	(11.22)

(b) Diluted earnings per share

For the purpose of calculating diluted earnings per share, total profit/(loss) attributable to shareholders of Avation PLC and the weighted average number of ordinary shares outstanding are adjusted for the effects of all dilutive potential ordinary shares. The Company has one category of dilutive potential ordinary shares, being warrants.

For warrants, the weighted average number of shares on issue has been adjusted as if all dilutive share options were exercised. The number of shares that could have been issued upon the exercise of all dilutive share option less the number of shares that could have been issued at fair value (determined as the Company's average share price for the year) for the same total proceeds is added to the denominator as the number of shares issued for no consideration.

Diluted earnings per share attributable to shareholders of Avation PLC is calculated as follows:

	Group	
	2026	**2025**
	US$'000s	US$'000s
Net profit/(loss) attributable to shareholders of Avation PLC	8,419	(7,716)
Weighted average number of ordinary shares ('000s)	63,008	68,798
Adjustment for warrants ('000s)	1,109	2,375
Weighted average number of ordinary shares ('000s)	64,117	71,173
Diluted earnings per share (US cents)	13.13	(10.84)

19 PROPERTY, PLANT AND EQUIPMENT

Group	Furniture and equipment US$'000s	Engines US$'000	Jet aircraft US$'000s	Turboprop aircraft US$'000s	Total US$'000s
2026:					
Cost or valuation:					
At beginning of year	64	-	751,883	291,277	1,043,224
Additions	7	2,619	-	46,250	48,876
Written off	-	-	(42,966)	-	(42,966)
Revaluation recognised in equity	-	-	22,677	1,066	23,743
At end of year	**71**	**2,619**	**731,594**	**338,593**	**1,072,877**
Representing:					
At cost	71	2,619	-	-	2,690
At valuation	-	-	731,594	338,593	1,070,187
	71	**2,619**	**731,594**	**338,593**	**1,072,877**
Accumulated depreciation and impairment:					
At beginning of year	46	-	226,758	91,286	318,090
Depreciation expense	8	107	26,397	9,884	36,396
Written-off	-	-	(9,586)	-	(9,586)
(Reversal of)/impairment loss	-	-	(17,132)	9,346	(7,786)
At end of year	**54**	**107**	**226,437**	**110,516**	**337,114**
Net book value:					
At beginning of year	**18**	**-**	**525,125**	**199,991**	**725,134**
At end of year	**17**	**2,512**	**505,157**	**228,077**	**735,763**

19 PROPERTY, PLANT AND EQUIPMENT (continued)

Group	Furniture and equipment US$'000s	Jet aircraft US$'000s	Turboprop aircraft US$'000s	Total US$'000s
2025:				
Cost or valuation:				
At beginning of year	102	850,755	289,411	1,140,268
Additions	16	31,922	38,101	70,039
Disposals	(54)	-	(38,101)	(38,155)
Revaluation recognised in equity	-	14,260	1,866	16,126
Reclassified to assets held for sale	-	(145,054)	-	(145,054)
At end of year	**64**	**751,883**	**291,277**	**1,043,224**
Representing:				
At cost	64	-	-	64
At valuation	-	751,883	291,277	1,043,160
	64	**751,883**	**291,277**	**1,043,224**
Accumulated depreciation and impairment:				
At beginning of year	91	264,402	84,355	348,848
Depreciation expense	9	28,282	9,221	37,512
Disposals	(54)	-	-	(54)
(Reversal of)/impairment loss	-	(2,541)	(2,290)	(4,831)
Reclassified to asset held for sale	-	(63,385)	-	(63,385)
At end of year	**46**	**226,758**	**91,286**	**318,090**
Net book value:				
At beginning of year	**11**	**586,353**	**205,056**	**791,420**
At end of year	**18**	**525,125**	**199,991**	**725,134**

19 PROPERTY, PLANT AND EQUIPMENT (continued)

Assets pledged as security

The Group's aircraft and aircraft held under asset for sale with carrying values of US$581.2 million (2025: US$651.2 million) are mortgaged to secure the Group's borrowings (Note 35).

Additions and Disposals

During the year, the Company took delivery of two turboprop aircraft and sold two turboprop aircraft to its subsidiaries at net book value. No gain or loss was recognised upon the sale of these two turboprop aircraft to its subsidiaries (Note 8(c)).

During the year, the Group took delivery of two turboprop aircraft, 1 aircraft engine, sold 1 jet aircraft classified as held for sale and one jet aircraft was written off.

During the previous year, the Company took delivery of two turboprop aircraft and sold two turboprop aircraft for a total of US$38.1 million. The Group took delivery of two turboprop aircraft, one Jet aircraft and sold two turboprop aircraft. One Jet aircraft was reclassified to asset held for sale.

A gain of US$4.1 million (2025: gain of US$3.5 million) on the sale of aircraft was included within the consolidated statement of profit or loss for the year ended 30 June 2026.

Valuation

The Group's aircraft were valued in June 2026 by independent valuers on a lease-encumbered value basis ("LEV'). LEV takes into account the current lease arrangements for the aircraft and estimated residual values at the end of the lease. These amounts have been discounted to present value using discount rates ranging from 5.50% to 7.25% (2025: 5.50% to 7.00%) per annum for jet aircraft and 5.50% to 7.00% (2025: 5.50% to 7.00%) per annum for turboprop aircraft. Different discount rates are considered appropriate for different aircraft based on their respective risk profiles. Significant airline customer failures and uncertainty created by the pandemic resulted in impairment losses and the subsequent recovery in global air travel and improvements in airline creditworthiness resulted in impairment reversals during the years ended 30 June 2026 and 30 June 2025 respectively.

19 PROPERTY, PLANT AND EQUIPMENT (continued)

During the year, an upward revaluation of US$23.7 million to equity and reversal of impairment of losses of US$7.8 million were recognised in the statement of profit or loss in relation to aircraft which remain part of the fleet.

During the previous year, an upward revaluation of US$16.1 million to equity and reversal of impairment losses of US$4.8 million were recognised in the statement of profit or loss.

If the aircraft were measured using the cost model, carrying amounts would be as follows:

	2026		2025	
Group	**Jets** US$'000s	**Turbo props** US$'000s	**Jets** US$'000s	**Turbo props** US$'000s
Cost	651,614	322,353	688,427	276,103
Accumulated depreciation and impairment	(209,813)	(109,752)	(208,631)	(88,367)
Net book value	**441,801**	**212,601**	**479,796**	**187,736**

Geographical analysis of property, plant and equipment

2026	**Asia Pacific** US$'000s	**Europe** US$'000s	**South America** US$'000s	**Total** US$'000s
Capital expenditure	46,257	-	2,619	48,876
Net book value – aircraft and aircraft engine	539,841	180,188	15,717	735,746

2025	**Asia Pacific** US$'000s	**Europe** US$'000s	**South America** US$'000s	**Total** US$'000s
Capital expenditure	32,008	38,031	-	70,039
Net book value – aircraft	503,916	221,200	-	725,116

20 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2026	**2025**	**2026**	**2025**
	US$'000s	US$'000s	US$'000s	US$'000s
Current:				
Trade receivables	8,070	6,262	19	19
Less:				
Allowance for expected credit losses	(532)	(432)	(19)	(19)
	7,538	5,830	-	-
Accrued revenue	114	2,144	-	-
Less:				
Allowance for expected credit losses	-	(6)	-	-
	114	2,138	-	-
Other receivables:				
– subsidiaries	-	-	15,215	131,672
– third parties	1,059	631	463	74
Less:				
Allowance for expected credit losses	-	(22)	-	-
	1,059	609	15,678	131,746
Interest receivables:				
– subsidiaries	-	-	-	26
– third parties	124	452	34	19
Less:				
Allowance for expected credit losses	(2)	(14)	-	-
	122	438	34	45
Deposits	52	446	26	27
Prepaid expenses	483	451	73	60
Tax receivables	2,499	-	-	-
	11,867	**9,912**	**15,811**	**131,878**
Non-current:				
Other receivables:				
– subsidiaries	-	-	6,798	39,160
- third parties	-	41	-	-
	-	41	6,798	39,160
Right of use assets	717	964	234	316
	717	**1,005**	**7,032**	**39,476**

20 TRADE AND OTHER RECEIVABLES (continued)

Accrued revenue represents deferred lease receivables from customers with whom the Group has agreed to defer lease payments for a short-term period.

Other receivables from subsidiaries includes interest-bearing receivables of US$20.4 million (2025: US$130.1 million). Current receivables from subsidiaries are unsecured and repayable upon demand. Interest is charged at 5.4% to 6.1% (2025: 5.9 to 6.0%) per annum.

Other receivables from third parties at Group level included interest-bearing receivables of US$0.5 million in previous year. Interest was charged at 11.0% per annum.

The average credit period generally granted to customers is 30 to 60 days. Rent for leased aircraft is due in advance in accordance with the leases.

The movements in allowance for expected credit losses are set out below:

	Group		Company	
	2026	**2025**	**2026**	**2025**
	US$'000s	US$'000s	US$'000s	US$'000s
At beginning of year	474	588	19	15,552
Allowance for/(reversal of) expected credit losses	3,057	(87)	-	-
Transferred to a subsidiary	-	-	-	(15,533)
Written off	(2,997)	(27)	-	-
At end of year	534	474	19	19

During the year, the Group wrote-off US$3.0 million receivables due from an insolvent customer.

Trade and other receivables denominated in foreign currencies are as follows:

	Group		Company	
	2026	**2025**	**2026**	**2025**
	US$'000s	US$'000s	US$'000s	US$'000s
Euro	20	2,622	-	-
Singapore dollar	207	80	31	30

21 FINANCE LEASE RECEIVABLES

Finance lease receivables do not include any contingent rents or residual value guarantees.

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

	2026		2025	
Group	**Minimum lease payments** US$'000s	**Present value of payments** US$'000s	**Minimum lease payments** US$'000s	**Present value of payments** US$'000s
Within one year	11,450	11,154	2,632	1,756
Less:				
Allowance for expected credit losses	(5)	(5)	(22)	(22)
	11,445	11,149	2,610	1,734
One to two years	-	-	11,405	11,129
Two to three years	-	-	-	-
Three to four years	-	-	-	-
Four to five years	-	-	-	-
Later than five years	-	-	-	-
Total minimum lease payments	**11,445**	**11,149**	**14,015**	**12,863**
Less: amounts representing interest income	(296)	-	(1,152)	-
Present value of minimum lease payments	**11,149**	**11,149**	**12,863**	**12,863**

The movements in finance lease receivables are set out below:

	Group	
	2026 US$'000s	**2025** US$'000s
At beginning of year	12,863	41,398
Principal receipts	(1,731)	(28,997)
Foreign currency translation	-	469
Reversal of/(allowance for) expected credit losses	17	(7)
At end of year	**11,149**	**12,863**

The movements in allowance for expected losses are set out below:

	Group	
	2026 US$'000s	**2025** US$'000s
At beginning of year	22	15
(Reversal of)/allowance for expected credit losses	(17)	7
At end of year	**5**	**22**

22 GOODWILL

	Group	
	2026	**2025**
	US$'000s	US$'000s
Cost:		
At beginning and end of year	**2,384**	**2,384**
Allowance for impairment:		
At beginning and end of year	**482**	**482**
Net carrying amount:		
At beginning and end of year	**1,902**	**1,902**

Impairment test of goodwill

Goodwill is allocated to the cash generating unit ("CGU") of the Group which is the aircraft leasing business.

The recoverable amount of the CGU has been determined based on value-in-use calculations. Cash flow projections used in the value-in-use calculations were based on financial budgets approved by management covering a five-year period.

Key assumptions used for value-in-use calculations:

	2026	**2025**
	%	%
Average cash flow growth rate	2.0	2.0
Terminal growth rate	2.0	2.0
Discount rate	6.0	6.0

Management determined cash flow growth based on past performance and its expectations of market development. The terminal growth rate of 2% that was used to extrapolate cash flows beyond the budget period did not exceed the long-term average growth rate for the business in which the CGU operates. Management has estimated that the recoverable amount of the CGU is US$449.1 million (2025: US$397.8 million).

Management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the CGU to materially exceed its recoverable amount.

23 INVESTMENT IN SUBSIDIARIES

	Company	
	2026	**2025**
	US$'000s	US$'000s
Unquoted equity shares		
At beginning of year	2,050	2,050
Less: allowance for impairment loss	(188)	-
At end of year	1,862	2,050

The movement in allowance for impairment loss are set out below:

	Company	
	2026	**2025**
	US$'000s	US$'000s
At beginning of year	1,278	1,278
Impairment loss	188	-
At end of year	**1,466**	**1,278**

At each reporting period, the Company reviews investment in subsidiaries for indicators of impairment. An impairment is recognised when the carrying amounts exceeds the recoverable amount for that investment. The recoverable amount is the higher of the investment's fair value less costs of disposal and value in use. During the year, an impairment loss was recognised which is determined based on the fair value of the subsidiaries' aircraft using the lease encumbered basis under level 3 of the fair value hierarchy (see note 6 for information about the significant unobservable inputs used) adjusted by payments for liabilities of the subsidiaries. The directors have assessed the investment in subsidiaries for indicators of impairment for the current year and are satisfied with the carrying amounts of the investments in subsidiaries.

Details of subsidiaries are as follows:

Name of entity		**Country of incorporation**	**Principal activities**	**Ownership interest**	
				2026 %	**2025** %
Held directly by the Company:					
Avation Capital S.A.	(a)	Luxembourg	Financing	100.00	100.00
Capital Lease Aviation Limited		United Kingdom	Aircraft leasing	99.68	99.68
Avation Group (S) Pte. Ltd.		Singapore	Aircraft leasing	100.00	100.00
AVAP Leasing (Asia) Limited		Ireland	Aircraft leasing	100.00	100.00
AVAP Leasing (Asia) II Limited		Ireland	Aircraft leasing	100.00	100.00
AVAP Leasing (Asia) III Limited		Ireland	Aircraft leasing	100.00	100.00
AVAP Leasing (Asia) IV Limited		Ireland	Aircraft leasing	100.00	100.00
Capital MSN 4033 II Limited		Ireland	Aircraft leasing	100.00	100.00
Held by Capital Lease Aviation Limited:					
Capital MSN 4033 Limited		Ireland	Aircraft leasing	99.68	99.68
Held by Avation Eastern Fleet Pte. Ltd.:					
Airframe Leasing (S) Pte. Ltd.		Singapore	Aircraft leasing	100.00	100.00
Airframe Leasing (S) II Pte. Ltd.		Singapore	Aircraft leasing	99.99	100.00

23 INVESTMENT IN SUBSIDIARIES (continued)

Name of entity	Country of incorporation	Principal activities	Ownership interest 2026	Ownership interest 2025
			%	%
Held by Avation Eastern Fleet II Pte. Ltd.:				
Airframe Leasing (S) II Pte. Ltd.	Singapore	Aircraft leasing	0.01	100.00
Held by Avation Eastern Fleet III Pte. Ltd.:				
Airframe Leasing (S) III Pte. Ltd.	Singapore	Aircraft leasing	100.00	100.00
Held by Avation Group (S) Pte. Ltd.:				
Avation Eastern Fleet Pte. Ltd.	Singapore	Aircraft leasing	100.00	100.00
Avation Eastern Fleet II Pte. Ltd.	Singapore	Aircraft leasing	100.00	100.00
Avation Eastern Fleet III Pte. Ltd.	Singapore	Aircraft leasing	100.00	100.00
Avation Pacific Leasing Pte. Ltd.	Singapore	Aircraft leasing	100.00	100.00
Avation Pacific Leasing II Pte. Ltd.	Singapore	Aircraft leasing	100.00	100.00
Avation Taiwan Leasing II Pte. Ltd.	Singapore	Aircraft leasing	100.00	100.00
Avation Taiwan Leasing III Pte. Ltd.	Singapore	Aircraft leasing	100.00	100.00
AVAP Leasing (Europe) II Pte. Ltd.	Singapore	Aircraft leasing	100.00	100.00
AVAP Leasing (Europe) III Pte. Ltd.	Singapore	Aircraft leasing	100.00	100.00
AVAP Leasing (Europe) VI Pte. Ltd.	Singapore	Aircraft leasing	100.00	100.00
AVAP Leasing (Europe) VII Pte. Ltd.	Singapore	Aircraft leasing	100.00	100.00
AVAP Leasing (Europe) VIII Pte. Ltd	Singapore	Aircraft leasing	100.00	100.00
AVAP Leasing (Europe) IX Pte. Ltd.(c)	Singapore	Aircraft leasing	100.00	100.00
F100 Fleet Pte. Ltd. (b)	Singapore	Aircraft leasing	-	100.00
MSN 1607 Pte. Ltd.	Singapore	Aircraft leasing	100.00	100.00
AVAP Aircraft Trading Pte. Ltd.	Singapore	Aircraft leasing	100.00	100.00
AVAP Aircraft Trading II Pte. Ltd.	Singapore	Aircraft leasing	100.00	100.00
AVAP Aircraft Trading III Pte. Ltd.	Singapore	Aircraft leasing	100.00	100.00
Avation Asia Fleet Pte. Ltd.	Singapore	Aircraft leasing	100.00	100.00
Avation Asia Fleet II Pte. Ltd.	Singapore	Aircraft leasing	100.00	100.00
Avation Asia Fleet III Pte. Ltd.	Singapore	Aircraft leasing	100.00	100.00
Avation Denmark Leasing Pte. Ltd.	Singapore	Aircraft leasing	100.00	100.00
Avation Capital II Pte. Ltd.(c)	Singapore	Aircraft leasing	100.00	100.00
AVAP Leasing (Asia) VI Pte. Ltd.	Singapore	Aircraft leasing	100.00	100.00
AVAP Aircraft Leasing Pte. Ltd.	Singapore	Aircraft leasing	100.00	100.00
AVAP Aircraft Leasing II Pte. Ltd.	Singapore	Aircraft leasing	100.00	100.00
AVAP Aircraft Leasing III Pte. Ltd.(c)	Singapore	Aircraft leasing	100.00	100.00
AVAP Aircraft Leasing IV Pte. Ltd.(c)	Singapore	Aircraft leasing	100.00	100.00
Avation Airframe Holding Pte. Ltd. (b)	Singapore	Aircraft leasing	-	100.00
Airframe Holding 65 Pte. Ltd.	Singapore	Aircraft leasing	100.00	100.00
AVAP Leasing (Japan) Pte. Ltd.	Singapore	Aircraft leasing	100.00	100.00
AVAP Leasing (Cambodia) Pte. Ltd.	Singapore	Aircraft leasing	100.00	-
AVAP Leasing (Korea) Pte. Ltd.	Singapore	Aircraft leasing	100.00	-
Avation Pacific Leasing III Pte. Ltd.	Singapore	Aircraft leasing	100.00	-

All companies as at 30 June 2026 are audited by member firms of Ernst & Young except for:
(a) Audited by Moore Audit S.A. for statutory financial statements purposes.
(b) Not audited and struck-off during the year.
(c) Not audited
The registered office address of the companies incorporated in the following countries are as follows:

Ireland - 32 Molesworth Street, Dublin 2 D02 Y512, Ireland.
Luxembourg - 46A, Avenue J. F. Kennedy, L-1855 Luxembourg.
Singapore - 65 Kampong Bahru Road, Singapore 169370.
United Kingdom - 5 Fleet Place, London EC4M 7RD, United Kingdom.

For all non-controlling interests, voting rights not controlled by the group are equivalent to ownership interests.

24 DERIVATIVE FINANCIAL ASSETS/LIABILITIES AND HEDGING

Group	Contract/ notional amount		Fair value	
	2026	2025	2026	2025
	US$'000s	US$'000s	US$'000s	US$'000s
Derivative financial assets -current				
Interest rate swap – current	**-**	**58,501**	**-**	**714**
Derivative financial assets -non-current				
Interest rate swap	**72,155**	**80,183**	**995**	**836**
Derivative financial liabilities - current				
Warrants	**-**	**-**	**1,389**	**-**
Derivative financial liabilities – non-current				
Warrants	**-**	**-**	**-**	**3,142**

Company	Contract/ notional amount		Fair value	
	2026	2025	2026	2025
	US$'000s	US$'000s	US$'000s	US$'000s
Derivative financial assets -current				
Interest rate swap – current	**-**	**51,250**	**-**	**635**
Derivative financial assets – non-current				
Interest rate swap	**-**	**-**	**-**	**-**
Derivative financial liabilities – current				
Share warrants	**-**	**-**	**1,389**	**-**
Derivative financial liabilities				
Share warrants	**-**	**-**	**-**	**3,142**

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 determines the economic relationship between the finance lease income, loans and borrowings and the derivative by matching the critical terms of the hedging instrument with the terms of the hedged item. The hedge ratio (the ratio between notional amount of the derivative financial instrument to the amount of the finance lease income and loans and borrowings being hedged) is determined to be 1:1. There were no expected sources of ineffectiveness on the Group's hedges as the critical terms of the derivative match exactly with the terms of the hedged item.

24 DERIVATIVE FINANCIAL ASSETS/LIABILITIES AND HEDGING (continued)

The Group pays fixed rates of interest of 2.5% to 3.8% per annum and receives floating rate interest equal to 1 to 3 month SOFR under the interest rate swap contracts. During the year, the Group recognised a swap break gain of US$1.0 million (Note 13). The swap break gain arose from the early unwind of the fixed-rate funding arrangement associated with an aircraft financing facility.

The Group pays fixed rates of interest of 2.3% to 3.8% per annum and receives floating rate interest equal to 1 to 3 month SOFR under the interest rate swap contracts in the previous year.

The swap contracts mature between 23 November 2027 and 25 September 2031.

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 gain net of tax of US$1.9 million (2025: US$5.8 million) on these derivative financial instruments was recognised in the fair value reserve for the year.

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.

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 Group determine the hedging relationship between the hedging instruments and the hedged item on a number of criteria including the reference interest rates, tenors, repricing dates and maturities and to notional or par amounts. The Group assesses whether the derivative designated in each hedging relationship is expected to be effective in offsetting changes in cash flows of the hedged item using the hypothetical derivative method. In these hedge relationships, the main sources of ineffectiveness are:

- Differences in the pricing dates between the swaps and the borrowings
- Differences in the timing of the cash flows of the hedged items and the hedging requirements
- The counterparties' credit risk differently impacting the fair value movements of the hedging instruments and the hedged items
- Changes to the forecasted amount of cash flows of hedged items and hedging instruments

24 DERIVATIVE FINANCIAL ASSETS/LIABILITIES AND HEDGING (continued)

During the year 30 June 2026, the effect of the cash flow hedge in the consolidated statement of profit or loss and consolidated statement of comprehensive income was as follows:

Group	Total hedging gain/(loss) recognised in OCI, net of tax US$'000s	Amount reclassified from OCI to profit or (loss) US$'000s	Line item in the statement of profit or loss
Interest rate swap	1,922	1,156	Finance expense
Foreign currency hedge	1,324	(196)	Other income
	3,246	**960**	

During the year 30 June 2025, the effect of the cash flow hedge in the consolidated statement of profit or loss and consolidated statement of comprehensive income was as follows:

Group	Total hedging gain/(loss) recognised in OCI, net of tax US$'000s	Amount reclassified from OCI to profit or (loss) US$'000s	Line item in the statement of profit or loss
Interest rate swap	(5,751)	3,542	Finance expense
Cross currency swap	-	(105)	Finance expense
Foreign currency hedge	(4,389)	(313)	Other income
	(10,140)	**3,124**	

The share warrants consist of 4,195,623 (2025: 5,728,054) share warrants granted to the holders of the unsecured notes to subscribe for ordinary shares of the Company exercisable to 31 October 2026 at a price of 114.5 pence per share (including cashless exercise option).

During the year, as a result of the exercise of 1,532,623 warrants, 327,621 ordinary shares were issued.

The share warrants were valued based on level 1 quoted prices (unadjusted) in an active market for the year ended 30 June 2026 and 30 June 2025.

25 PRE-DELIVERY AIRCRAFT DEPOSITS PAID

	Group and Company	
	2026	2025
	US$'000s	US$'000s
Current	23,446	10,960
Non-current	16,454	18,218
	39,900	29,178
Pre-delivery aircraft deposits paid, at fair value:		
At beginning of year	29,178	30,333
Additions	7,939	6,238
Transfer from aircraft purchase rights (note 26)	14,690	-
Transfer to property, plant and equipment upon delivery of aircraft	(8,675)	(6,790)
Unrealised loss	(3,232)	(603)
At end of year	**39,900**	**29,178**

During the year, the Group paid US$7.9 million (2025: US$6.2 million) pre-delivery aircraft deposits to the manufacturer and exercised purchase rights for 5 aircraft.

These deposits are fair valued using the discounted cashflow model.

26 AIRCRAFT PURCHASE RIGHTS

	Group and Company	
	2026	2025
	US$'000s	US$'000s
Aircraft purchase rights, at fair value:		
At beginning of year	91,740	112,780
Unrealised gain/(loss)	1,790	(21,040)
Transfer to pre-delivery aircraft deposits paid (note 25)	(14,690)	-
At end of year	**78,840**	**91,740**

During the year, the Group exercised purchase rights for 5 additional ATR 72-600 aircraft for delivery between the third quarter of 2028 and the last quarter of 2029. The exercised purchase rights are recorded as pre-delivery aircraft deposits paid in Note 25. The Group currently holds 19 ATR 72-600 purchase rights as of 30 June 2026 (2025:24).

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. Disclosures about the fair value measurement of aircraft purchase rights at fair value are included in Note 6.

27 INVESTMENT IN EQUITY, FAIR VALUE THROUGH PROFIT OR LOSS

	Group	
	2026	**2025**
	US$'000s	US$'000s
Listed equity, at fair value		
At beginning of year	9,115	10,745
Unrealised loss	(3,711)	(1,630)
At end of year	**5,404**	**9,115**

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 exchanged 8,014,602 unlisted ordinary shares in Philippine Airlines, Inc. for 124,787,353 ordinary shares in PAL Holdings, Inc. during the previous year.

During the year, the company sold 1,324,000 PAL Holdings, Inc shares. The Group holds 123,405,353 (2025: 124,729,353) ordinary shares in PAL Holdings, Inc as of 30 June 2026.

28 INVESTMENT IN DEBT INSTRUMENT, FAIR VALUE THROUGH PROFIT OR LOSS

	Company	
	2026	**2025**
	US$'000s	US$'000s
Listed debt instrument, at fair value		
At beginning of year	-	16,335
Additions	13,833	21,063
Disposal/redemption	(11,940)	(36,478)
Fair value loss	(5)	(920)
At end of year	**1,888**	**-**

As of 30 June 2026, the Company holds US$2.0 million par value of its subsidiary, Avation Group (S) Pte Ltd's 8.5% unsecured notes.

29 LEASE INCENTIVE ASSETS

	Group	
	2026	**2025**
	US$'000s	US$'000s
Current	2,698	2,920
Non-current	7,622	4,831
	10,320	**7,751**
At beginning of year	7,751	10,892
Additions	8,043	-
Adjustments	(3,802)	-
Amortisation to profit or loss	(1,672)	(3,141)
At end of year	**10,320**	**7,751**

30 RESTRICTED CASH, CASH INVESTMENT IN FIXED TERM DEPOSITS AND CASH AND CASH EQUIVALENTS

The Group's restricted cash has been pledged as security for certain loan obligations.

Cash investment in fixed term deposits are deposits with a maturity term of more than 3 months amounting to US$Nil (2025: US$1.0 million) is restricted as of 30 June 2026. Cash and cash equivalents include an amount of US$39.7 million (2025: US$33.8 million) related to short term deposits.
The rate of interest for cash on interest earning accounts is approximately 1.08% to 4.63% (2025: 1.45% to 5.60%) per annum.

Restricted cash, cash investment in fixed term deposits and cash and cash equivalents denominated in foreign currencies are as follows:

	Group		Company	
	2026	**2025**	**2026**	**2025**
	US$'000s	US$'000s	US$'000s	US$'000s
Pound sterling	177	123	90	43
Australian dollar	23	13	23	13
Euro	6,625	7,225	202	-
Singapore dollar	708	261	271	101

31 ASSETS HELD FOR SALE AND LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS HELD FOR SALE

The Group's aircraft which met the criteria to be classified as assets held for sale and the associated liabilities were as follows:

	Group	
	2026	**2025**
	US$'000	US$'000s
Assets held for sale:		
Property, plant and equipment - aircraft		
At beginning of year	81,669	-
Additions	-	81,669
Disposal	(81,669)	-
At end of year	**-**	**81,669**
Other receivables	-	141
	-	**81,810**
Liabilities directly associated with assets held for sale:		
Maintenance reserves	-	30,438
	-	**30,438**

During the year, the Group sold one jet aircraft. The Group recognised gain on disposal. See Note 19.

Other receivables of US$0.1 million was interest-bearing as of 30 June 2025. Interest is charged at 5% per annum.

32 SHARE CAPITAL AND TREASURY SHARES

(a) Share capital

	2026		2025	
	No of shares	US$'000s	No of shares	US$'000s
Allotted, called up and fully paid Ordinary shares of 1 penny each:				
At beginning of the year	74,950,257	1,234	70,878,124	1,182
Issue of shares	413,679	5	4,072,133	52
Cancellation	(13,938,567)	(229)	-	-
At end of the year	**61,425,369**	**1,010**	**74,950,257**	**1,234**

During the year, the Company issued 413,679 ordinary shares of 1 penny each at prices ranging from 102.0 pence to 132.0 pence per share following the exercise of warrants. The exercises resulted in total gross proceeds of US$0.3 million, of which US$0.2 million was received in cash and US$0.1 million was settled on a cashless basis.

During the previous year, the Company issued 4,072,133 ordinary shares of 1 penny each at 102.0 pence to 126.0 pence following the exercise of warrants raising total gross proceeds of US$6.5 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.

(b) Treasury shares

	2026		2025	
	No of shares	US$'000s	No of shares	US$'000s
At beginning of the year	**8,361,500**	**16,003**	**-**	**-**
Acquired during the year	7,904,063	15,185	8,361,500	16,003
Re-issued	(857,297)	(1,676)	-	-
Cancellation	(13,938,567)	(26,645)	-	-
At end of the year	**1,469,699**	**2,867**	**8,361,500**	**16,003**

During the year, the Company bought 7,904,063 treasury shares at market price ranging from 133.0 pence to 160.0 pence per share, re-issued 857,297 treasury shares at 102.0 pence per share and subsequently cancelled 13,938,567 treasury shares to maximise value for shareholders through capital structure management.

During the previous year, the Company bought 8,361,500 treasury shares at market price ranging from 138.0 pence to 150.0 pence per share to maximise value for shareholders through capital structure management.

32 SHARE CAPITAL AND TREASURY SHARES (continued)

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

	2026	2025
Net asset value per share (US$)[1]	$4.39	$3.66
Net asset value per share (GBP)[2]	£3.33	£2.67

[1] Net asset value per share is total equity divided by the total number of shares in issue excluding treasury shares at period end.

[2] Based on GBP:US$ exchange rate as at 30 June 2026 of 1.32 (30 June 2025 : 1.37)

33 ASSET REVALUATION RESERVE

	Group	
	2026	2025
	US$'000s	US$'000s
At beginning of year	62,158	47,343
Revaluation gain	23,743	16,126
Deferred tax liability	(1,381)	(1,311)
Release of revaluation reserve upon aircraft written off	(6,152)	-
At end of year	**78,368**	**62,158**

34 OTHER RESERVES

	Group		Company	
	2026	2025	2026	2025
	US$'000s	US$'000s	US$'000s	US$'000s
Capital redemption reserve	281	52	281	52
Warrant reserve	653	1,067	653	1,067
Fair value reserve	916	(1,006)	-	(1,850)
Foreign currency hedge reserve	(195)	(1,519)	-	-
	1,655	**(1,406)**	**934**	**(731)**

Capital redemption reserve comprises of the par value of the cancelled treasury shares.

Warrant reserve comprises the cumulative value of services received from employees in respect of outstanding grant of equity-settled share warrants. The expense for service received is recognised over the vesting period.

Fair value reserve represents the portion of the fair value changes (net of tax) on derivative financial instruments designated as hedging instruments in cash flow hedges that is determined to be an effective hedge.

34 OTHER RESERVES (continued)

Foreign currency hedge reserve represents the unrealised foreign exchange gains and losses arising on Euro denominated loans designated as cash flow hedges. 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.

Movements in other reserves are as follows:

	Group		Company	
	2026	**2025**	**2026**	**2025**
	US$'000s	US$'000s	US$'000s	US$'000s
Capital redemption reserve:				
At beginning of the year	52	52	52	52
Cancellation of treasury shares	229	-	229	-
At end of the year	**281**	**52**	**281**	**52**
Warrant reserve:				
At beginning of the year	1,067	3,543	1,067	3,543
Employee share warrant scheme:				
- Value of employee services	551	411	551	411
- Issue of shares	(911)	(2,847)	(911)	(2,847)
- Expired	(54)	(40)	(54)	(40)
At end of the year	**653**	**1,067**	**653**	**1,067**
Fair value reserve:				
At beginning of the year	(1,006)	4,745	(1,850)	(569)
Effective portion of changes in fair value	3,078	(2,314)	2,104	37
Net change in fair value reclassified to profit or loss	(1,156)	(3,437)	(254)	(1,318)
At end of the year	**916**	**(1,006)**	**-**	**(1,850)**
Foreign currency hedge reserve:				
At beginning of the year	(1,519)	2,870	-	-
Effective portion of changes in fair value	1,128	(4,076)	-	-
Net change in fair value reclassified to profit or loss	196	(313)	-	-
At end of the year	**(195)**	**(1,519)**	**-**	**-**

35 LOANS AND BORROWINGS

	Group		Company	
	2026	**2025**	**2026**	**2025**
	US$'000s	US$'000s	US$'000s	US$'000s
Secured borrowings	282,435	356,649	-	45,735
Unsecured notes (a)	293,692	295,688	-	-
	576,127	**652,337**	**-**	**45,735**
Less: current portion of borrowings	(39,242)	(70,084)	-	(9,442)
	536,885	**582,253**	**-**	**36,293**

	Maturity		Weighted average interest rate per annum	
	2026	**2025**	**2026**	**2025**
			%	%
Secured borrowings	2027-2037	2026-2031	5.34%	5.19%
Unsecured notes (a)	2031	2026	8.50%	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. The Group complies with all covenants imposed under secured loan agreements at 30 June 2026 and 2025.

The Group incurred transaction costs and upfront fees of US$6.0 million during the year (2025: US$1.5 million) that are capitalised into loans and borrowings.

During the year, the Group drew down its secured borrowings and issued unsecured notes, net of transaction costs by US$350.4 million (2025: US$109.1 million) to fund its business operations.

During the year, the Group repaid its secured borrowings and repurchased its unsecured notes amounting to US$440.1 million (2025: US$155.0 million).

35 LOANS AND BORROWINGS (continued)

Secured loans and borrowings denominated in foreign currencies are as follows:

	Group		Company	
	2026	**2025**	**2026**	**2025**
	US$'000s	US$'000s	US$'000s	US$'000s
Euro	55,008	79,475	-	-

(a) In May 2015, the Company through its wholly owned subsidiaries, Avation Capital S.A. and Avation Group (S) Pte. Ltd. (together, "the Issuers") established a US$500 million global medium term note programme (the "Programme") guaranteed by the Company.

Under the Programme, the Issuers may from time to time issue Notes (the "Notes") denominated in any currency as agreed. All Notes issued under the Programme are listed on the Singapore Stock Exchange ("SGX").

During the year ended 30 June 2021, the Company reached agreement with the holders of its unsecured notes for a maturity extension and the following are the key terms of the extension:

- Maturity extension of the notes from 15 May 2021 to 31 October 2026;
- Cash coupon of 6.5% with, at the Company's option, an additional 2.5% payment in kind coupon or an additional 1.75% cash coupon;
- Bondholders receive 6,000,000 warrants to subscribe for ordinary shares exercisable to 31 October 2026 at a price of 114.5 pence per share (including cashless exercise option);
- The notes are callable at any time prior to maturity, with the call premium decreasing to par from 31 October 2025.

The maturity extension of the unsecured note resulted in a gain on debt modification of US$50.3 million during the year ended 30 June 2021.

During the year, the Company through its subsidiary Avation Group (S) Pte Ltd issued US$300 million of 8.5% unsecured notes due May 2031. The proceeds were used to fully redeem the Group's outstanding 8.25% unsecured notes due 2026. The Group recognised loss on early repayment of unsecured notes. See Note 14.

During the year, the Company repurchased US$12.0 million unsecured notes of Avation Capital S.A through the market at prices ranging from 99.3 US cents to 99.8 US cents and transferred to Avation Capital S.A. for cancellation.

The Company also repurchased US$2.0 million unsecured notes of Avation Group (S) Pte Ltd through the market at prices ranging from 94.5 US cents to 94.8 US cents. Refer to Note 28.

During the previous year, the Company repurchased US$21.6 million unsecured notes of Avation Capital S.A. through the market at prices ranging from 97.5 US cents to 98.5 US cents and transferred US$36.5 million to Avation Capital S.A. for cancellation. Refer to Note 28.

36 TRADE AND OTHER PAYABLES

	Group		Company	
	2026	**2025**	**2026**	**2025**
	US$'000s	US$'000s	US$'000s	US$'000s
Current:				
Trade payables	308	349	21	8
Other payables:				
- subsidiaries	-	-	22,130	15,780
- third parties	264	639	100	106
Deposits collected	2,680	3,890	610	620
Deferred lease income	741	599	-	-
Lease liability	309	277	102	91
Revenue received in advance	9,114	6,312	-	-
Accrued expenses	9,366	7,529	454	474
	22,782	**19,595**	**23,417**	**17,079**
Non-current:				
Other payables:				
- subsidiaries	-	-	-	99,700
Deposits collected	16,838	15,313	-	-
Deferred lease income	2,755	2,117	-	-
Lease liability	445	713	144	231
Accrued expenses	-	700	-	700
	20,038	**18,843**	**144**	**100,631**

Other payables due to subsidiaries includes interest-bearing payables of US$4.5 million (2025: US$101.7 million) which are unsecured, and bear interest at 5.4% to 6.1% (2025: 5.8% to 8.2%) per annum. Amounts due to subsidiaries without fixed repayment terms are payable on demand.

Deposits collected mainly consist of security deposits collected from customers in respect of aircraft lease commitments and have been discounted to present value at a current pre-tax rate that reflects the risks specific to these deposits. Deposits will be refunded at the end of the respective lease term. During the previous year, current deposits collected included US$1.5 million as a sales deposit on one aircraft. Upon the sale of the aircraft during the year, the US$1.5 million sales deposit has been applied to the sales of the aircraft. The Group has also released US$0.8 million deposit as other income when one airline customer became insolvent and terminated the leases of two aircraft.

Trade and other payables denominated in foreign currencies are as follows:

	Group		Company	
	2026	**2025**	**2026**	**2025**
	US$'000s	US$'000s	US$'000s	US$'000s
Pound sterling	367	121	102	102
Euro	3,405	4,952	419	431
Singapore dollar	800	731	43	18

37 MAINTENANCE RESERVES

	Group	
	2026	**2025**
	US$'000s	US$'000s
Current:		
Maintenance reserves	27,330	56,880
Maintenance lease contribution	7,876	12,543
	35,206	69,423
Non-current:		
Maintenance reserves	32,707	24,895
Maintenance lease contribution	14,821	6,465
	47,528	31,360
Total maintenance reserves	**82,734**	**100,783**

	Group	
	2026	**2025**
	US$'000s	US$'000s
At beginning of year	100,783	135,423
Contributions	43,138	32,450
Utilisations	(30,712)	(7,879)
Adjustments	(3,802)	-
Released to profit or loss	(21,565)	(22,086)
Transfer to lessee	(5,108)	-
Transfer to buyer	-	(6,687)
Transfer to liabilities directly associated with assets held for sale	-	(30,438)
At end of the year	**82,734**	**100,783**

Maintenance reserves were released to profit or loss as income of US$18.6 million in the year ended 30 June 2026 (2025: US$22.1 million) as the scope of some major maintenance events was reduced, resulting in lower reimbursements, and some major maintenance events are now not forecasted to occur during the term of the current leases. The remaining US$3.0 million of the maintenance reserves were released following the expiry and termination of related leases.

Maintenance lease contribution represents the contractual obligations of the Group to contribute to the lessee's costs for aircraft maintenance. During the year, the maintenance lease contribution was US$8.0 million and there was a downward adjustment of US$3.8 million (2025: Nil).

The Group also holds letters of credit for US$12.0 million (2025: US$12.0 million) as security for lessees' obligations under operating leases for the maintenance of aircraft.

38 DEFERRED TAX LIABILITIES

Recognised deferred tax liabilities are attributable to the following:

	Group		Company	
	2026	**2025**	**2026**	**2025**
	US$'000s	US$'000s	US$'000s	US$'000s
Property, plant and equipment	16,827	11,291	-	-
Aircraft purchase rights and deposits for aircraft	17,738	17,572	17,738	17,571
Gain on debt modification	-	3,079	-	-
Cash flow hedge	80	(305)	-	(378)
	34,645	**31,637**	**17,738**	**17,193**

Movements in temporary differences are as follows:

Group	**Property, plant and equipment** US$'000s	**Aircraft purchase rights and deposits for aircraft** US$'000s	**Gain on debt modification** US$'000s	**Cash flow hedge** US$'000s	**Total** US$'000s
2026					
At beginning of the year	11,291	17,572	3,079	(305)	31,637
Recognised in profit or loss	4,155	166	(3,079)	-	1,242
Recognised in equity	1,381	-	-	385	1,766
At end of the year	**16,827**	**17,738**	**-**	**80**	**34,645**
2025					
At beginning of the year	6,395	20,527	6,635	490	34,047
Recognised in profit or loss	3,585	(2,955)	(3,556)	-	(2,926)
Recognised in equity	1,311	-	-	(795)	516
At end of the year	**11,291**	**17,572**	**3,079**	**(305)**	**31,637**

38 DEFERRED TAX LIABILITIES (continued)

Company	Aircraft purchase rights and deposits for aircraft US$'000s	Cash flow hedge US$'000s	Total US$'000s
2026			
At beginning of the year	17,571	(378)	17,193
- Recognised in profit or loss	167	-	167
- Recognised in equity	-	378	378
At end of the year	**17,738**	**-**	**17,738**
2025			
At beginning of the year	20,527	(116)	20,411
- Recognised in profit or loss	(2,956)	-	(2,956)
- Recognised in equity	-	(262)	(262)
At end of the year	**17,571**	**(378)**	**17,193**

39 SHARE BASED PAYMENTS

The Group has an ownership-based compensation scheme for all employees of the Group.

Each share warrant converts into one ordinary share of Avation PLC on exercise. No amounts are paid or are payable by the recipient on receipt of the warrant. The warrants carry neither rights to dividends nor voting rights.

Warrants are granted to employees of the Group to promote:

- Improvement in share price;
- Improvement in the Company's earnings per share;
- Reliable and high-quality financial reporting;
- Growth in asset value and profits; and
- Growth in dividends.

39 SHARE BASED PAYMENTS (continued)

Movement in warrants during the year

The following table illustrates the number (No.) and weighted average exercise prices in GBP pence (WAEP) of, and movements in, warrants during the year:

	2026		2025	
	No.	WAEP	No.	WAEP
Outstanding at beginning of the year	4,284,452	114.3p	8,070,000	119.2p
- Granted	1,576,000	148.3p	565,000	132.0p
- Exercised	(2,684,452)	108.7p	(3,957,129)	125.6p
- Expired	(270,000)	136.7p	(393,419)	126.4p
Outstanding at end of the year	**2,906,000**	**135.9p**	**4,284,452**	**114.3p**
Exercisable at end of the year	**851,682**	**123.2p**	**2,924,471**	**109.0p**

The weighted average fair value of warrants granted during the year was 32.6 pence (2025: 41.8 pence). The charge recognised in profit or loss in respect of share based payments is US$0.6 million (2025: US$0.4 million).

During the year as a result of the exercise of 2,684,452 warrants were exercised (2025: 3,957,129 warrants), 857,297 treasury shares were re-issued and 86,058 ordinary shares were issued.

Warrants outstanding at the end of the year have the following expiry date and exercise price:

Warrant series granted on	Expiry date	Exercise price	Number of warrants 2026	Number of warrants 2025
29 September 2022	29 Nov 2025	102.0p	-	2,002,452
2 March 2023	2 May 2026	126.0p	-	622,000
1 November 2023	1 January 2027	125.5p	430,000	480,000
13 March 2024	13 May 2027	118.0p	610,000	615,000
3 April 2025	3 June 2028	132.0p	485,000	565,000
29 August 2025	28 October 2028	160.0p	580,000	-
26 November 2025	26 January 2029	140.0p	801,000	-

39 SHARE BASED PAYMENTS (continued)

Warrants granted have a 3-year vesting schedule with details as follows:

Vesting period	Proportion of total share options that are exercisable
Before year 1	0 per cent
On year 1 and before year 2	Up to 33 per cent of the grant
On year 2 and before year 3	Up to 33 per cent of the grant or up to 66 per cent of the grant if warrants were not exercised after the first vesting year
On year 3 to 2 months after year 3	Balance or 100 per cent of the grant if warrants were not exercised after the first and second vesting years

The warrants were valued using a binomial option pricing model. Where relevant, the expected life used in the model has been adjusted based on management's best estimate for the effects of non-transferability, exercise restrictions (including the probability of meeting market conditions attached to the option), and behavioural considerations. Expected volatility is based on the historical share price volatility over the previous twelve months.

	Warrant series granted on 26 November 2025	Warrant series granted on 29 August 2025	Warrant series granted on 3 April 2025
Inputs into the model:			
Grant date share price	140.0 pence	160.0 pence	132.0 pence
Exercise price	140.0 pence	160.0 pence	132.0 pence
Expected volatility	28%	33.69%	37.82%
Warrant life	3 years	3 years	3 years
Dividend yield	0.53%	0.53%	0.30%
Risk free interest rate	3.72% to 3.77%	3.72% to 3.77%	4.04% to 4.23%

	Warrant series granted on 13 March 2024	Warrant series granted on 1 November 2023	Warrant series granted on 2 March 2023
Inputs into the model:			
Grant date share price	118.0 pence	125.5 pence	126.0 pence
Exercise price	118.0 pence	125.5 pence	126.0 pence
Expected volatility	24.75%	33.83%	45.11%
Warrant life	3 years	3 years	3 years
Dividend yield	0.00%	0.00%	0.00%
Risk free interest rate	4.04% to 4.23%	4.54% to 4.77%	3.70% to 3.73%

40 DIVIDEND

	Company	
	2026	**2025**
	US$'000s	US$'000s
Paid during the year		
Dividends on ordinary shares		
-Final (one-tier) dividend for 1 US cents (2025: 0.5 pence) per share	649	450

41 CAPITAL COMMITMENTS

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

	Group and Company	
	2026	**2025**
	US$'000s	US$'000s
Property, plant and equipment	271,879	207,591

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 the year-end, the Group has commitments to purchase thirteen (2025: ten) ATR 72-600 aircraft from the manufacturer with expected delivery dates ranging from 2026 to 2029.

42 OPERATING LEASE MATURITY ANALYSIS

The Group leases out aircraft under operating leases. The future minimum undiscounted lease payments under non-cancellable leases are as follows:

	Group	
	2026	**2025**
	US$'000s	US$'000s
Within one year	78,915	92,036
One to two years	68,206	85,010
Two to three years	43,105	71,007
Three to four years	36,562	43,713
Four to five years	29,394	32,320
Later than five years	34,996	22,591
	291,178	**346,677**

The Group holds cash deposits of US$23.2 million (2025: US$20.6 million) and letters of credit for US$3.1 million (2025: US$4.1 million) as security for lessees' obligations under operating leases.

43 CONTINGENT LIABILITIES

	Company	
	2026	**2025**
	US$'000s	US$'000s
Guarantees	584,893	668,933

The maximum estimated amount that the Company could become liable for under guarantees for loans and borrowings is as shown above.

44 ULTIMATE HOLDING COMPANY

No party controls the Company.

45 SUBSEQUENT EVENTS

On 19 August 2026, the Company cancelled 600,000 ordinary shares which were treasury.

The Company repurchased 734,869 ordinary shares, through the market at a price ranging from 133.5 to 141.0 pence per share. The repurchased shares will be held in treasury.

In September 2026, Air Baltic announced that it had commenced Chapter 11 proceedings in the United States as part of a restructuring of its financial obligations. Avation leases four Airbus A220 aircraft to Air Baltic, which continue to operate under their existing leases. Depending on the outcome of the restructuring, some or all of the aircraft may remain with airBaltic or be transitioned to alternative airline customers. At the date of approval of the financial statements, the financial impact of Air Baltic's restructuring cannot yet be reasonably quantified.

In July 2026, two ATR 72-600 were transitioned to Finnair, the national flag carrier airline of Finland on six-year leases. Since the year end, new customers have committed to a further US$36 million of lease income.

In September 2026, Avation entered into a committed US$100 million warehouse facility, providing additional funding capacity to support aircraft acquisitions and the continued growth of the fleet.

On 29 September 2026, the Board declared an interim dividend of 1.5 US cents per share, amounting to US$0.9 million. The dividend had not been declared at the reporting date and accordingly has not been recognised as a liability in these financial statements.

46 APPROVAL OF FINANCIAL STATEMENTS

The financial statements of the Company and the consolidated financial statements of the Group for the year ended 30 June 2026 were authorised for issue by the Board of Directors on 19 October 2026.

ANNUAL REPORT **2026**

avation PLC

65 Kampong Bahru Road
Singapore 169370
www.avation.net

London Stock Exchange
LISTED
STANDARD
SHARES

	Reuters/BBG	AVAP.LN
Index:	LSE	AVAP
FTSE Sector:	Industrial Transportation	
FTSE Sub Sector:	Transportation Services	