

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

TRADING UPDATE

Avation PLC (LSE: AVAP) provides the following trading update (unaudited) as of 30 June 2022.

Aircraft Fleet

As of 30 June 2022, Avation's commercial aircraft fleet totals 39 aircraft. Avation's fleet is leased to 17 commercial airlines in 14 countries including five flag carriers. Avation has two orders and owns a further 28 long-term purchase rights over ATR72 aircraft.

The weighted average age of the aircraft fleet on 30 June 2022 was 5.7 years, the weighted average remaining lease term was 5.7 years and the total future minimum lease payments receivable under non-cancellable leases was approximately US\$557 million (unaudited).

Avation is in the process of completing the sale of two ATR72 aircraft that were formerly leased to Loganair. The sale of these aircraft is expected to be completed during July and August 2022.

On 4 March 2022, the Company advised of the completion of a Letter of Intent to lease an ATR72-500 to a new customer. The lease is signed and the aircraft is being prepared and is expected to be delivered to the new customer in July.

Upon completion of these transactions the Company will have only three unutilised aircraft remaining from the overall 20 aircraft returned or repossessed during the COVID-19 pandemic. The remaining three aircraft two ATR72 and one Boeing 737-800, are currently being marketed and have received interest from customers to either lease or purchase. Avation expects these aircraft will be transitioned or sold prior to the end of the calendar year.

Fleet Valuation Review

During the pandemic Avation took a cautious approach and impaired the value of the fleet in each of the prior two financial years. Avation is of the view that, following the pandemic as airline travel recovers, there may be a recovery in aircraft valuations. Avation is conducting a review of the fleet valuation as at 30 June 2022.

Cash Position and Liquidity

As of 30 June 2022, Avation had total cash and bank balances (including restricted cash) of US\$118.9 million (unaudited). Furthermore, during the six-month period from 1 January 2022 to 30 June 2022 the Company has repaid secured loans by \$55.6 million (unaudited). The Company confirms that it is current with all senior loans and that moreover it has extended a warehouse loan facility maturity date to 30 September 2026. As a result, the warehouse loan is not considered a current liability at 30 June 2022.

The collection rate of cash compared with contracted revenues as at 31 May 2022 was 105% (unaudited compared to 70% in the year ended 30 June 2021).

We expect that the Company's cash position and liquidity will be positively impacted by the settlement of aircraft sales, re-financing of existing aircraft, collection of the creditor pay-out

expected from Virgin Australia and the continued collection of rent arrears from customers in the first half of the new financial year.

Results Release

The Company expects to release its full year results on or around the 6th of October 2022 with an investor call to be held on the day of release of results. Specific details of the timetable for the results announcement and investor call will be provided closer to the date.

Positioning towards a Sustainable, Low Emission Fleet

A majority of Avation's fleet are current technology, fuel efficient, low emission aircraft with ATR72 and Airbus A220 aircraft, class leaders in these metrics, representing over half the current fleet by number and value. Avation is gradually transitioning to an aircraft lessor focussing on new technology aircraft with low CO2 emissions.

ATR have recently announced the introduction of aircraft powered by the new Pratt and Whitney Canada PW127XT engine which is expected to have 20% lower maintenance costs, extended time on wing, 3% lower fuel consumption and 5% more power compared with the existing engine variant. Moreover, the manufacturer expects that the PW127XT engine will be certified to operate with 100% Sustainable Aviation Fuel ("SAF") from 2025. When using SAF net emissions of CO2 will be reduced by 80%. In June 2022, ATR and Avation's customer Braathens Regional Airlines collaborated to enable the first ever flight with 100% SAF in both engines on a commercial aircraft. Avation's future orders will include this new engine variant or its successors.

Executive Chairman, Jeff Chatfield, said:

"We are pleased to have already transitioned 17 of the 20 aircraft returned as a consequence of COVID-19. We observe that the airline industry experiencing a rapid recovery with activity levels of most of our airline clients close to and in some cases above pre-COVID levels. The results for the year are expected to reflect that the Company has successfully navigated the pandemic and is experiencing improved cash collection rates, higher aircraft valuations and fleet utilisation. The Company expects material receipts in the coming financial year from sales of aircraft, re-financing of existing aircraft, distributions from the Virgin Australia administration as well as cashflow from operations.

"It is our opinion that aircraft valuations will trend upwards as air travel recovers. The Company believes that the market has now returned to a position where the demand for aircraft exceeds supply. The current shortage of aircraft is supported by increased passenger numbers, fewer aircraft in the global fleet than pre-pandemic, the removal from the international fleet of approximately 550 aircraft previously on lease to Russian airlines and current aircraft production levels by the major manufacturers which are materially lower than pre-pandemic.

"The Company both improved its strategic position by transitioning grounded aircraft, maintained liquidity and reduced debt during the financial year.

"The Company is well positioned to take advantage of increased demand for aircraft in an aviation sector that will evolve into a more sustainable, low CO2 emission fleet."

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

Notes to Editors:

Avation PLC is an aircraft leasing company, headquartered in Singapore, owning and managing a fleet of commercial passenger aircraft which it leases to airlines around the world. More information on Avation is available at www.avation.net.