



CIRRUS AIRCRAFT LIMITED
西銳飛機有限公司

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 2507



"Prepare for landing."

"Safe Return, activated."

2024

INTERIM REPORT



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"Safe Return, active flight"

Definitions

In this interim report, unless the context otherwise requires, the following terms have the following meanings. The following contains definitions of certain terms used in connection with our Company and our business. Some of these may not correspond to standard industry definitions or usage of these terms.

"AFRC"	Accounting and Financial Reporting Council of Hong Kong
"AG Zhejiang"	China Aviation Industry General Aircraft Zhejiang Institute Co., Ltd.* (浙江中航通飛研究院有限公司), a limited liability company established in the PRC on July 4, 2017
"Aircraft"	our revenue stream including SR2X Series and Vision Jet aircraft
"Articles" or "Articles of Association"	the articles of association of the Company as amended from time to time
"Audit, Risk Control and Compliance Committee"	the audit, risk control and compliance committee of the Board
"AVIC"	Aviation Industry Corporation of China, Ltd.* (中國航空工業集團有限公司), a limited liability company incorporated in the PRC on November 6, 2008, one of our controlling Shareholders
"backlog"	the total amount of SR2X Series and Vision Jet orders and reservations for aircraft not yet delivered to customers
"Board Committees"	collectively, the Audit, Risk Control and Compliance Committee, the Remuneration Committee and the Nomination Committee
"Board of Directors" or "Board"	our board of Directors
"CAIGA"	China Aviation Industry General Aircraft Co., Ltd.* (中航通用飛機有限責任公司), a limited liability company incorporated in the PRC on February 6, 2009, one of our controlling Shareholders
"CAIGA Hong Kong"	CAIGA (Hong Kong) Limited (中航通飛香港有限公司), a company incorporated in Hong Kong with limited liability on December 12, 2019, one of our controlling Shareholders



"CAPS"	Cirrus Airframe Parachute System
"CG Code"	the "Corporate Governance Code" as contained in Appendix C1 to the Listing Rules
"Chairman"	the chairman of the Board
"Cirrus Services and Other"	our revenue stream including a wide-ranging service and experience offering and a wide variety of other ancillary products and services including but not limited to sales of after market parts, service sales, warranty sales and training sales and revenue from a related party
"Company", "our Company", "Cirrus"	Cirrus Aircraft Limited (西銳飛機有限公司) (Stock Code: 2507), an exempted company incorporated in the Cayman Islands with limited liability on December 13, 2019
"COS"	Cirrus Operating System, a proprietary operating system developed by Cirrus to establish and standardize operational methods, integrate manufacturing systems and promote the ability to produce parts of the various aircraft models simultaneously on the same production line
"CSAs"	Cirrus sales agents, a network of independent third-party agents that support our international sales efforts and may also provide after-sales services to customers including aircraft maintenance and parts sourcing
"Director(s)"	the director(s) of the Company or any one of them
"EBITDA"	earnings before interest, taxes, depreciation and amortization
"Global Offering"	the Hong Kong public offering and international offering as described in the Prospectus
"Group", "we", "our", "our Group", "us"	the Company and its subsidiaries from time to time
"HK dollars" or "HK\$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC



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Definitions

"IFRS"	IFRS Accounting Standards
"independent third party(ies)"	any entity or person who is not a connected person of our Company within the meaning ascribed thereto under the Listing Rules
"JetStream"	our comprehensive, pre-paid ownership program available to every Vision Jet customer that includes benefits beyond the standard warranty
"Latest Practicable Date"	August 31, 2024
"Listing"	The listing of the Shares on the Main Board of the Stock Exchange
"Listing Date"	July 12, 2024, on which the Shares were listed and from which dealings therein were permitted to take place on the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the GEM of the Stock Exchange
"Model Code"	the "Model Code for Securities Transactions by Directors of Listed Issuers" set out in Appendix C3 to the Listing Rules
"Nomination Committee"	the nomination committee of the Board
"PRC"	the People's Republic of China
"Prospectus"	the prospectus of the Company dated June 28, 2024
"Remuneration Committee"	the remuneration committee of the Board
"Reporting Period"	the six-month period from January 1, 2024 to June 30, 2024
"Security Policy"	our own code of conduct regarding securities transactions, namely the securities policy for management, directors and public float



"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary share(s) in the share capital of our Company with a par value of US\$0.50 each
"Shareholder(s)"	holder(s) of Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"U.S. dollars" or "US\$"	United States dollars, the lawful currency of the United States
"United States" or "U.S."	the United States of America
"%"	per cent

In this interim report, unless otherwise indicated, the terms "associate", "associated corporation", "connected person", "controlling shareholder", "subsidiary" and "substantial shareholder" shall have the meanings given to such terms in the Listing Rules.

The English names of PRC nationals, enterprises, departments, facilities, certificates, regulations, titles and the like marked with "*" are translations of their Chinese names and are included in this interim report for identification purpose only, and should not be regarded as their official English translation. In the event of any inconsistency, the Chinese name will prevail.



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Corporate Information

BOARD OF DIRECTORS

- Mr. Lei YANG (楊雷)
(Non-executive Director and Chairman of the Board of Directors)
- Mr. Hui WANG (王暉)
(Executive Director and vice Chairman of the Board of Directors)
- Mr. Qingchun SONG (宋慶春)
(Non-executive Director)
- Mr. Liang LIU (劉亮)
(Non-executive Director)
- Mr. Yihui LI (李屹暉)
(Non-executive Director)
- Mr. Zean Hoffmeister Vang NIELSEN
(Executive Director and chief executive officer)
- Mr. Ian H CHANG (張仁熾) *(Independent non-executive Director)*
- Mr. Chung Man Louis LAU (劉仲文)
(Independent non-executive Director)
- Ms. Ferheen MAHOMED (alias: 馬穎欣)
(Independent non-executive Director)

JOINT COMPANY SECRETARIES

- Mr. Wei PI (皮巍)
- Ms. Hoi Ting WONG (黃凱婷)

AUTHORISED REPRESENTATIVES

- Mr. Hui WANG (王暉)
- Ms. Hoi Ting WONG (黃凱婷)

AUDIT, RISK CONTROL AND COMPLIANCE COMMITTEE

- Mr. Liang LIU (劉亮)
- Mr. Chung Man Louis LAU (劉仲文)
(Chairperson)
- Ms. Ferheen MAHOMED (alias: 馬穎欣)

REMUNERATION COMMITTEE

- Mr. Qingchun SONG (宋慶春)
- Mr. Liang LIU (劉亮)
- Mr. Ian H CHANG (張仁熾) *(Chairperson)*
- Mr. Chung Man Louis LAU (劉仲文)
- Ms. Ferheen MAHOMED (alias: 馬穎欣)

NOMINATION COMMITTEE

- Mr. Lei YANG (楊雷) *(Chairperson)*
- Mr. Ian H CHANG (張仁熾)
- Mr. Chung Man Louis LAU (劉仲文)

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants
Registered Public Interest Entity Auditor
22/F, Prince's Building
Central, Hong Kong

REGISTERED OFFICE

Maples Corporate Services Limited
PO Box 309, Ugland House
Grand Cayman, KY1-1104
Cayman Islands

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Minnesota, 55811
United States

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

31/F, Tower Two, Times Square
1 Matheson Street
Causeway Bay
Hong Kong



COMPLIANCE ADVISER

Altus Capital Limited
21 Wing Wo Street
Central
Hong Kong

HONG KONG LEGAL ADVISER

Allen Overy Shearman Sterling
9th Floor, Three Exchange Square
Central
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Maples Fund Services (Cayman) Limited
PO Box 1093, Boundary Hall
Cricket Square
Grand Cayman, KY1-1102
Cayman Islands

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor
Services Limited
Shops 1712-1716
17th Floor Hopewell Centre
183 Queen's Road East
Wan Chai
Hong Kong

STOCK CODE

Stock Code: 2507

WEBSITE

<https://cirrusaircraft.com/>



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Financial and Business Highlights

- In the first half of 2024, the Company brought to market the 7th generation (G7) of the SR2X Series, which has been the best-selling single-engine piston model aircraft in the world for the last 22 consecutive years. The G7 line introduced many valuable improvements from the previous generations, including a refreshed interior and upgraded avionics that now mirror those found in the Vision Jet series, which is the best-selling business jet in the world for the past six consecutive years.
- Subsequently our net orders increased for both the SR2X and Vision Jet combined for the six months ended June 30, 2024 by a total of 107 units from 255 for the six months ending June 30, 2023 to 362 for the six months ending June 30, 2024. This increase is partly attributable to the launch of the G7 line as well as the continuation of the product ladder between the two product lines and the growing ecosystem around the ownership experience.
- Revenue for the six months ended June 30, 2024 increased by approximately US\$49.4 million to US\$475.4 million, as compared to US\$426.0 million for the same prior year period, representing an increase of 11.6%, primarily attributable to increased aircraft deliveries, increased pricing on our aircraft, and better mix of revenue generated from our Cirrus Services and Other revenue stream towards our services with higher margin.
- Revenue generated from Cirrus Services and Other grew from approximately US\$69 million in the six months ended June 30, 2023 to approximately US\$77 million in the same period in 2024, primarily driven by growth in aftermarket parts, JetStream program, and flight training.
- Gross profit increased by approximately US\$14.8 million from approximately US\$148.6 million for the six months ended June 30, 2023 to approximately US\$163.4 million for the same period in 2024, primarily attributable to increased aircraft sales, increased pricing on our aircraft, and increased sales generated from Cirrus Services and Other.
- Our profit increased by approximately 23.6% from approximately US\$28.8 million in the six months ended June 30, 2023 to approximately US\$35.6 million in the same period in 2024.

Financial and Business Highlights



The table below sets forth a summary of the results and of the assets and liabilities of the Group for the periods indicated:

RESULTS

	Six months ended June 30,		Percentage increase/decrease
	2024 US\$'000 (Unaudited)	2023 US\$'000 (Unaudited)	
Revenue	475,386	426,006	11.6%
Gross profit	163,441	148,625	10.0%
Profit before income tax	44,068	41,017	7.4%
Profit for the period	35,607	28,770	23.6%

ASSETS AND LIABILITIES

	As of June 30, 2024	As of December 31, 2023	Percentage increase/decrease
	US\$'000 (Unaudited)	US\$'000 (Audited)	
Total Assets	1,080,929	1,007,935	7.2%
Total Liabilities	(571,947)	(534,559)	7.0%



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Business Review

We design, develop, manufacture, and sell premium aircraft recognized across the personal aviation industry, which incorporate innovations in safety, technology, connectivity, performance, and comfort. Our two aircraft product lines, the SR2X Series and the Vision Jet, have successfully set the industry standard for owner-piloted aircraft and are currently certified and validated in more than 60 countries. In the first half of 2024 we launched the brand-new G7 line, the 7th generation of our award winning SR2X aircraft. We provide a wide range of products and services which include maintenance, upgrades, training, pilot services, Cirrus IQ, and e-commerce.

Since our inception in 1984 in Wisconsin, United States, we have delivered over 9,700 SR2X Series aircraft and over 550 Vision Jet aircraft. As part of our wide-ranging product offering strategy, our SR2X Series consists of an entry level aircraft, the SR20, as well as the SR22 and SR22T, both of which offer increasing levels of performance and capabilities addressing different customer needs and preferences for a single-engine piston aircraft. SR2X Series aircraft can typically carry up to four adults and one child. The Vision Jet targets a different and more premium segment of the personal aviation market and offers significantly enhanced performance, capabilities and specifications at a higher price point. Our Vision Jet is designed for owners to fly at jet speed without requiring support from a full-time pilot or flight department. The Vision Jet can typically carry up to five adults and two children.

Our design philosophy is customer-centric and focuses on enhancing the aviation experience by surrounding the operators and occupants with safety, services, advanced high performance technology, and connectivity, as well as ease of use, comfort and personalization. The resulting design features are tightly integrated to deliver a convenient product experience. We equip each aircraft with a patented CAPS, which has saved over 250 people since its introduction in 1999. Our Vision Jet aircraft is also equipped with Safe Return, an emergency auto-landing system which allows a passenger in the cabin to land the aircraft safely with the single touch of a button in the event of a pilot's incapacitation. Our safety innovation extends beyond to numerous active and passive mitigations for different situations, including loss of control, mid-air collision, pilot incapacitation, loss of engine power, flight into terrain, adverse weather conditions, and runway incursion. Our commitment to safety in addition to our award-winning training and learning systems, Cirrus Approach and Cirrus Embark, and our engaged community of owners and operators, have allowed us to achieve general aviation's safest accident records in the United States. Our total accident rate per 100,000 flight hours is three times lower than the general aviation industry average.



Since inception, we have focused on a “close-to-customer” model as an enterprise priority, expanding this model to cover both the United Kingdom and France. Under this model, we are able to quickly respond to customer needs and ensure a close connection between our prospective and existing owners and operators in each aspect of the aircraft sales process, including dedicated salesperson, product demonstration, contracting, finance, insurance, and delivery, making Cirrus aircraft ownership convenient and efficient. We have also established a sales presence in more than 36 countries around the world through our sales agents and CSAs, enabling us to reach customers on a global scale. Our sales network consists of our in-house direct sales team based in the United States, Canada, United Kingdom and France. At the beginning of each year, we enable our sales team with demonstration aircraft model to illustrate benefits to customers. As these units are typically delivered to customers at the end of the year, it usually creates some seasonality in our business particularly in the first and fourth quarters. Because of this customer approach, we require all of our sales team to be experienced pilots qualified to provide flight demonstrations directly to customers.

We have developed a wide-ranging global post-sale ownership and support ecosystem that makes owning and operating our aircraft as convenient to access as owning and operating a car. Through our dedicated business unit “Cirrus Services” and adjacent products and solutions, we provide service and support, maintenance, parts fulfillment, flight training, pilot services and aircraft management services that collectively enable easy aircraft ownership. Our Vision Center in Knoxville, Tennessee provides the flagship customer experience, including aircraft delivery, personalization consultations, flight training, maintenance and parts fulfillment, and complete aircraft management services.



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Business Development

Since inception up to June 30, 2024, we had delivered over 9,700 SR2X Series aircraft and over 550 Vision Jet aircraft. As of June 30, 2024, we had a backlog of 1,263 aircraft, including approximately 261 reservations for the Vision Jet. Further, our net orders increased for both the SR2X and Vision Jet combined for the six months ended June 30, 2024 by a total of 107 units from 255 for the six months ended June 30, 2023 to 362 for the six months ended June 30, 2024, partly attributable to the launch of the G7 line as well as the continuation of the product ladder between the two product lines and the growing ecosystem around the ownership experience. As of June 30, 2024, we had established a sales presence in more than 36 countries, through our sales agents and CSAs, enabling us to reach our customers globally. We have been continuously renewing our product portfolio since our inception, which we believe is a key driver to sustaining the growth of our business and to continue providing a premium experience for our customers. Our key capabilities are being able to develop innovative safety features and design, our proficiency with advanced materials, our ability to get aircraft certified in a highly regulated environment and bring them to market and our ability to successfully integrate advanced technologies and materials. These capabilities create an expertise in product development and innovation that gives us a competitive advantage.

We consider the production and sale of our aircraft to be the beginning of a life-long relationship with our customers. In 2018, we launched Cirrus Services, our customer-centric business unit that provides lifestyle-based solutions for flight training, aircraft maintenance and management and financing for individual aircraft owners and operators with a wide range of flight needs. Through Cirrus Services, we address the challenges of a fragmented aircraft market by creating lifestyle-based solutions for our customers, regardless of the ownership cycle of our aircraft. By leveraging the smooth integration of our advanced technologies to create aircraft that directly connect to the customer and their lifestyle, combined with the various benefits offered as part of our Cirrus Services business unit, we have created a wide-ranging ecosystem that enhances customer satisfaction and brand loyalty. Our direct-to-customer model is enabled by our global ecosystem. Since our inception until June 30, 2024, our products were sold to customers in over 55 countries and territories around the world and as of June 30, 2024, we had authorized service centers in 33 countries.

For the six months ended June 30, 2024, we recorded a slight decrease in the number of aircraft produced and an increase in the number of aircraft delivered, as compared to the six months ended June 30, 2023, due to production issues associated with the new generational launch. For the six months ended June 30, 2024, we produced 330 aircraft (287 SR2X Series aircraft and 43 Vision Jet) and delivered 287 aircraft (244 SR2X Series aircraft and 43 Vision Jet), as compared to 332 aircraft produced (285 SR2X Series aircraft and 47 Vision Jet) and 267 aircraft delivered (223 SR2X Series aircraft and 44 Vision Jet) for the six months ended June 30, 2023.

Management Discussion & Analysis



1. OVERVIEW

For the six months ended June 30, 2024, the Group recorded revenue of US\$475.4 million, as compared with US\$426.0 million for the same prior year period. The profit of the Group increased to US\$35.6 million for the six months ended June 30, 2024, as compared with US\$28.8 million for the same prior year period, primarily due to increased aircraft deliveries, increased pricing on our aircraft, and better mix of revenue generated from Cirrus Services and Other towards our services with higher margin. The selling and marketing expenses of the Group were US\$57.0 million for the six months ended June 30, 2024, as compared with US\$48.4 million for the same prior year period. The general and administrative expenses were US\$60.3 million for the six months ended June 30, 2024 as compared with US\$56.9 million for the same prior year period.

2. REVENUE

For the six months ended June 30, 2024, we generated revenue of US\$475.4 million, as compared to US\$426.0 million for the same prior year period.

During the six months ended June 30, 2024, we delivered 20 more aircraft (21 more SR2X and 1 fewer Vision Jet) as compared to the same period in 2023. The average sales price of our SR2X aircraft deliveries was approximately US\$1.04 million compared to US\$0.99 million in the same period in 2023. The average sales price of our Vision Jet aircraft deliveries was US\$3.33 million compared to US\$3.08 million in the same period in 2023.

During the six months ended June 30, 2024, revenue generated from Cirrus Services and Other increased by approximately US\$8 million compared to the same period in 2023. Certain non-repeating events including the recognition of revenue from AG Zhejiang for aircraft development of US\$4.15 million in the six months ended June 30, 2023, while the majority of the associated expenses was incurred and recognized in prior years.

3. COST OF SALES

Our cost of sales consists of material, labor and overhead and other costs, including the amortization of intangibles as we realize research and development projects, warranty costs and other minor variances, in the cost of sales for aircraft. We include costs related to Cirrus Services such as after-market parts, material and labor costs and other costs in our cost of sales for Cirrus Services and Other.

For the six months ended June 30, 2024, cost of sales of the Group increased to US\$311.9 million, from US\$277.4 million for the same prior year period, primarily attributable to increased aircraft deliveries, increased costs related to the launch of our G7 line (the 7th generation of our SR2X aircraft), and increased volume of sales of Cirrus Services.



Management Discussion & Analysis

4. GROSS PROFIT AND GROSS PROFIT MARGIN

Our gross profit represents our revenue less our cost of sales, and our gross profit margin represents our gross profit as a percentage of our revenue.

For the six months ended June 30, 2024, our gross profit increased to US\$163.4 million, from US\$148.6 million for the same prior year period, primarily attributable to increased aircraft sales, increased pricing on our aircraft, and increased sales generated from Cirrus Services and Other. Our gross profit margin decreased from 34.9% for the six months ended June 30, 2023 to 34.4% for the same period in 2024.

The reason for the decrease in gross profit margin was largely due to certain non-repeating events including the recognition of revenue from AG Zhejiang for aircraft development of US\$4.15 million in the six months ended June 30, 2023, while the majority of the associated expenses was incurred and recognized in prior years.

The increase in gross profit margin excluding non-repeating events was largely due to increase in revenue generated from Cirrus Services, partially offset by normal production ramp learning curve inefficiencies related to the launch of our G7 line, which are largely behind us.

5. SELLING AND MARKETING EXPENSES

The Group's selling and marketing expenses primarily consist of employee expenses, facilities and equipment, outside selling and professional services expense and other including advertising costs such as those related to trade shows and digital marketing.

The selling and marketing expenses of the Group increased by 17.8% from US\$48.4 million for the six months ended June 30, 2023 to US\$57.0 million for the same period in 2024. The increase was primarily attributable to selling and marketing expenses related to the global launch for our G7 product on the SR2X product line, as well as increased aircraft deliveries.

6. GENERAL AND ADMINISTRATIVE EXPENSES

Our general and administrative expenses primarily consist of employee expense, facilities and equipment, insurance and product liability costs, outside selling and professional services expense (including expenses for legal and audit services as well as listing expenses) and other including licenses, dues and research costs.

For the six months ended June 30, 2024, the general and administrative expense of the Group increased by 6.0% to US\$60.3 million from US\$56.9 million for the same prior year period. The increase was primarily attributable to product development and IPO expenses, partially offset by collection of reinsurance recoverables that management had deemed to be not virtually certain of collection, but which were paid subsequent to June 30, 2024.



7. FINANCE COSTS

Our finance costs primarily consist of interest expenses related to our outstanding debt and recognition of interest related to leases as lease liabilities.

For the six months ended June 30, 2024, the finance costs of the Group remained steady at US\$2.7 million compared to US\$2.7 million for the same prior year period, primarily attributable to increased earnings on our cash balances due to higher average interest rates offset by borrowing cost on our lower average debt balance.

8. PROFIT FOR THE REPORTING PERIOD

As a result of the foregoing, the profit of the Company increased to US\$35.6 million for the six months ended June 30, 2024 from US\$28.8 million for the same prior year period.

9. LIQUIDITY AND WORKING CAPITAL

As of June 30, 2024, the Group's cash and bank balances decreased to US\$214.6 million from US\$246.9 million as of December 31, 2023. The decrease primarily resulted from cash used in investing activities.

As of June 30, 2024, the current assets of the Group were US\$476.5 million, including cash and cash equivalents of US\$214.6 million and other current assets of US\$261.9 million. As of June 30, 2024, the current liabilities of the Group were US\$432.4 million, including accounts payables of US\$48.6 million, other payables and accrued liabilities of US\$368.2 million and borrowings of US\$15.6 million.

10. CASH FLOWS

For the six months ended June 30, 2024, net cash flows generated from operating activities of the Group amounted to US\$11.7 million, as compared to net cash flows used in operating activities of US\$44.9 million for the same period in 2023, mainly due to the increase in profit and normal fluctuations in working capital as we run our business.

For the six months ended June 30, 2024, net cash flows used in investing activities of the Group amounted to US\$38.3 million, which mainly consisted of purchases of fixed assets. For the six months ended June 30, 2023, net cash flow used in investing activities amounted to US\$28.4 million, which mainly consisted of purchases of fixed assets to increase our production capabilities and development programs.

For the six months ended June 30, 2024, net cash flows used in financing activities of the Group amounted to US\$5.7 million, which mainly consisted of repayments of borrowings. For the six months ended June 30, 2023, net cash flow used in financing activities of the Group amounted to US\$12.0 million, which mainly consisted of dividends paid as well as repayments of borrowings.



Management Discussion & Analysis

11. NON-IFRS MEASURES

To supplement our consolidated financial statements which are presented in accordance with IFRS, we also use adjusted profit (non-IFRS measure) and adjusted EBITDA (non-IFRS measure) as additional financial measures, which are not required by, or presented in accordance with IFRS. We believe that adjusted profit (non-IFRS measure) and adjusted EBITDA (non-IFRS measure) provide useful information to investors and others in understanding and evaluating our consolidated statements of profit or loss in the same manner as they help our management. However, our presentation of a non-IFRS measure may not be comparable to similarly titled measures presented by other companies. The following table sets forth the reconciliation of our non-IFRS measures for the periods indicated with the nearest measure prepared in accordance with IFRS:

	Six months ended June 30,	
	2024 US\$'000 (unaudited)	2023 US\$'000 (unaudited)
Reconciliation of profit to adjusted profit for the period (non-IFRS measure) and adjusted EBITDA for the period (non-IFRS measure):		
Profit for the period	35,607	28,770
<i>Add back:</i>		
<i>Listing expenses (Note)</i>	2,068	1,861
Adjusted profit for the period (non-IFRS measure)	37,675	30,631
<i>Add back:</i>		
<i>Finance costs</i>	2,688	2,698
<i>Income tax expenses</i>	8,461	12,247
<i>Depreciation of property, plant and equipment</i>	9,655	7,772
<i>Depreciation of right-of-use assets</i>	2,167	1,934
<i>Amortization of intangible assets</i>	7,074	6,300
<i>Less:</i>		
<i>Interest income</i>	(3,816)	(2,595)
Adjusted EBITDA for the period (non-IFRS measure)	63,904	58,987

Note: Listing expenses represent expenses relating to the Global Offering.

Management Discussion & Analysis



12. KEY FINANCIAL RATIOS

The following table sets forth the key financial ratios for the periods indicated:

	As of June 30, 2024	As of June 30, 2023
Gross profit margin ⁽¹⁾	34.4%	34.9%
Net profit margin ⁽²⁾	7.5%	6.8%
Return on equity ⁽³⁾	7.2%	7.2%
Return on total assets ⁽⁴⁾	3.4%	3.0%
Adjusted profit margin (non-IFRS measure) ⁽⁵⁾	7.9%	7.2%
Adjusted EBITDA margin (non-IFRS measure) ⁽⁶⁾	13.4%	13.8%
	As of June 30, 2024	As of December 31, 2023
Current ratio ⁽⁷⁾	1.1	1.1
Quick ratio ⁽⁸⁾	0.6	0.8
Gearing ratio ⁽⁹⁾	0.1	0.1

Notes:

- (1) Gross profit margin calculated using gross profit for the period divided by revenue for the period and multiplied by 100%.
- (2) Net profit margin is calculated using profit for the period divided by revenue for the period and multiplied by 100%.
- (3) Return on equity ratio is profit for the period as a percentage of the average balance of total equity at the beginning and the end of the period and multiplied by 100%.
- (4) Return on total assets ratio is profit for the period as a percentage of the average balance of total assets at the beginning and the end of the period and multiplied by 100%.
- (5) Adjusted profit margin (non-IFRS measure) represents adjusted profit for the period (non-IFRS measure) divided by revenue for the period and multiplied by 100%. Adjusted profit represents the profit for the period adding back listing expenses for the respective periods.
- (6) Adjusted EBITDA margin (non-IFRS measure) represents adjusted EBITDA (non-IFRS measure) divided by revenue for the period and multiplied by 100%. Adjusted EBITDA represents the adjusted profit for the period adding back finance costs, income tax expenses, depreciation of property, plant and equipment and right-of-use assets, and amortization of intangible assets, and less interest income.



Management Discussion & Analysis

- (7) Current ratio is calculated using total current assets divided by total current liabilities as of the same date.
- (8) Quick ratio is calculated using current assets less inventories divided by current liabilities as of the same date.
- (9) Gearing ratio is calculated using total debt (being interest-bearing borrowings) divided by total equity.

13. TREASURY POLICIES

The Group manages liquidity risk based on expected maturity dates. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, borrowings and long-term leases.

14. PLEDGE OF ASSETS

As of December 31, 2023, the Group's bank borrowings were collateralized by a security interest in substantially all the tangible and intangible assets of the Group. As of June 30, 2024, the Group did not pledge any further assets in comparison with December 31, 2023.

15. MATERIAL INVESTMENTS

The Group did not make any material investments during the six months ended June 30, 2024.

16. PRICE RISK

Price risk relates to changes in the price of materials purchased for production. We manage this risk primarily by negotiating pricing agreements with significant suppliers, competitive bidding and identifying opportunities for cost reductions.

17. CREDIT RISK

Credit risk arises mainly from the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. We are exposed to credit risk from our operating activities (primarily accounts receivables). We have adopted a policy of dealing only with highly rated financial institutions and we have no significant concentrations of credit risk. Receivables that are past due at the reporting date are impaired as appropriate.

To manage risk arising from cash and cash equivalents, we place deposits in reputable banks. There has been no recent history of default in relation to these financial institutions. Our identified credit losses are effectively close to zero.



18. INTEREST RATE RISK

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Our exposure to the risk of changes in market interest rates relates primarily to our long-term debt obligations with floating interest rates. We frequently monitor interest rates and do not anticipate any material losses as a result of interest rate risk.

19. EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATE

We operate primarily in U.S. dollars, and therefore do not engage in hedging transactions to protect against uncertainty in future exchange rates between particular foreign currencies and the U.S. dollar.

20. MATERIAL ACQUISITIONS AND DISPOSALS

The Group did not have any material acquisitions or disposals of subsidiaries, consolidated affiliated entities or associated companies for the six months ended June 30, 2024.

21. FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in this interim report, as of the date of this interim report, there were no significant investments held by the Group or future plans regarding significant investment or capital assets. For the six months ended June 30, 2024, we did not have any material acquisitions or disposals of subsidiaries, associates and joint ventures.

22. BANK LOANS AND OTHER BORROWINGS

As of June 30, 2024, the Group had borrowings of US\$4.0 million with fixed interest rate and denominated in US\$, US\$60.0 million with floating interest rate and denominated in US\$ and lease liabilities of US\$14.9 million.

23. CONTINGENT LIABILITIES

As of June 30, 2024, we had material contingent liabilities captured in our accrued product liability, relating to ongoing product liability claims. For details, please refer to Note 17 to the condensed consolidated interim financial information in this interim report.



"Safe Return, activated"

Management Discussion & Analysis

24. EMPLOYEE AND REMUNERATION

As of June 30, 2024, we had a total of 2,541 employees, substantially all in the U.S. Among our 2,541 employees as of June 30, 2024, 2,449 were full-time and 92 were part-time employees. Each of these employees is employed through a professional employer organization.

All employees are expected to follow our employee handbook, which includes a code of conduct policy that is annually refreshed and is supported by an anonymous hotline. In compliance with applicable labor laws, we enter into individual employment contracts with our employees covering matters such as wages, bonuses, employee benefits, confidentiality obligations, non-competition and grounds for termination.

Remuneration packages for our salaried employees are mainly comprised of a base salary and a discretionary bonus element. We set performance targets for our employees based on their position and department and periodically review performance. The results of such performance reviews are used in their salary reviews, bonus awards and promotion appraisals. We have an annual goal setting process that starts with the executive team laying out our strategies and strategic pillars for the year that is distilled into annual goals assigned by functional and individual levels.

Pursuant to a management incentive plan (the "**Management Incentive Plan**") adopted by the board of Cirrus Industries, Inc. (which is the holding company for all of our operating subsidiaries) with details agreed between CAIGA and the management team, a special cash bonus (the "**Special Cash Bonus**") in an aggregate amount of 1.0% of the market capitalization of the Company immediately upon Listing, will be paid to our key employees in recognition of the value they have helped to create prior to the Listing Date. Based on the size of the Global Offering, the aggregate amount of the Special Cash Bonus under the Management Incentive Plan is approximately US\$12.9 million (equivalent to HK\$100.6 million). As of June 30, 2024, the Special Cash Bonus had not been paid out.



25. OUTLOOK AND FUTURE PLAN

Looking ahead, we will continue to focus on product improvement, model upgrades and ongoing generational changes to equip our aircraft with new technologies and designs to remain at the forefront of the industry. With deliveries of over 9,700 SR2X Series aircraft and over 550 Vision Jet aircraft worldwide as of June 30, 2024, we believe we are well-positioned to continue to capture the growth in the personal aviation industry.

As part of our ongoing efforts to increase the capacity and efficiency of our manufacturing facilities, we have recently completed significant improvements in our manufacturing facility in Grand Forks, including expanded autoclave and mold capacity. In addition, we continue to increase the areas of our production facilities in which we have implemented our COS which continues to increase our operating efficiency. We anticipate these continued improvements will help increase and support future production.

We continue to expand markets in which our "close-to-customer" model is available. We adjusted our sales structure in the United Kingdom and France from CSAs to direct sales, which we anticipate will drive growth in these markets by developing direct relationships with our customers earlier in the sales cycle, maintaining closer relationships throughout the customers' ownership experience, and allowing us to strategically and directly drive sales and marketing initiatives.

Finally, we continue to expand our investment within our product portfolio. In April 2024, we received the production certificate from Federal Aviation Administration of the U.S. Department of Transportation for our SR10 aircraft, which is the first of its kind clean sheet design exclusive to training the next generation of pilots.



Management Discussion & Analysis

To deliver a wide-ranging and connected premium aviation experience and expand our market leadership in the personal aviation industry in the United States and globally, we intend to focus on the following key strategies, as stated in the Prospectus:

- Monetize installed base through establishing, among many things but not limited to, new maintenance programs, and expanding aircraft management solutions and an array of useful customer services;
- Enhance flight training solutions;
- Advance and expand our aircraft and services portfolio;
- Advance production capabilities;
- Expand our markets globally; and
- Establish on-demand personal aviation solutions.

26. INTERIM DIVIDEND

The Board does not recommend the distribution of an interim dividend for the six months ended June 30, 2024.

Corporate Governance and Other Information

The Shares were listed on the Stock Exchange on July 12, 2024, only since which time the Listing Rules have been applicable to the Company. To the extent applicable, this corporate governance section of the Company only covers the period from the Listing Date to the date of this interim report (the “**Relevant Period**”).

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. Since the Listing Date, the Company has applied the principles and complied with all applicable code provisions as set out in the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

We have also adopted the Securities Policy, which applies to all Directors and senior management on terms not less exacting than the required standard indicated by the Model Code as set out in Appendix C3 to the Listing Rules. As the Shares were not yet listed on the Stock Exchange as of June 30, 2024, each of the Securities Policy and the Model Code was not applicable to the Company during the Reporting Period.

Upon specific enquiry, all Directors confirmed that they have strictly complied with the required standards set out in the Model Code and the Securities Policy from the Listing Date up to the Latest Practicable Date.

AUDIT, RISK CONTROL AND COMPLIANCE COMMITTEE

The Company has established the Audit, Risk Control and Compliance Committee with written terms of reference in accordance with the Listing Rules. The Audit, Risk Control and Compliance Committee comprises three Directors, namely, Mr. Liang LIU (劉亮), Mr. Chung Man Louis LAU (劉仲文) and Ms. Ferheen MAHOMED (alias: 馬穎欣). Mr. Chung Man Louis LAU (劉仲文) is the chairperson of the Audit, Risk Control and Compliance Committee. The primary duties of the Audit, Risk Control and Compliance Committee are to review and oversee the financial reporting procedure, risk management and internal control system of our Group, review the Company's financial information, provide advice and comments to the Board, and perform other duties and responsibilities as may be assigned by the Board.



Corporate Governance and Other Information

The unaudited condensed consolidated financial information of the Group for the six months ended June 30, 2024 contained in this interim report have been reviewed by the Group's external auditor, PricewaterhouseCoopers, in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the International Accounting Standards Board, and by the Audit, Risk Control and Compliance Committee. The Audit, Risk Control and Compliance Committee concluded that such financial information and this interim report had been prepared in accordance with applicable accounting standards and relevant requirements, and had made adequate disclosure. The Audit, Risk Control and Compliance Committee has also discussed matters with respect to the accounting policies and practices adopted by the Company and internal control with senior management members of the Company.

OTHER BOARD COMMITTEES

In addition to the Audit, Risk Control and Compliance Committee, the Company has also established the Nomination Committee and the Remuneration Committee with written terms of reference in accordance with the Listing Rules.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY OF ITS ASSOCIATED CORPORATIONS

As of the Latest Practicable Date, none of the Directors or the chief executive of our Company had an interest and/or short position (as applicable) in the Shares, underlying Shares or debentures of our Company or any interests and/or short positions (as applicable) in the shares, underlying shares or debentures of our Company's associated corporations (within the meaning of Part XV of the SFO) which (i) had to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), (ii) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or (iii) were required, pursuant to the Model Code, to be notified to our Company and the Stock Exchange.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as otherwise disclosed in this interim report, at no time during the Reporting Period was the Company or any of its subsidiaries a party to any arrangement that would enable the Directors or any of their spouses or children under the age of 18 to acquire benefits by means of acquisition of Shares in, or debentures of, the Company or any other body corporate, and none of the Directors or any of their spouses or children under the age of 18 were granted any right to subscribe for the equity or debt securities of the Company or any other body corporate or had exercised any such right.

Corporate Governance and Other Information

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As of the Latest Practicable Date, to the best knowledge of the Directors, the following persons (not being a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were required to be entered in the register to be kept by the Company pursuant to Section 336 of the SFO:

Name of Shareholders	Nature of interests	Number of Shares or securities held	Approximate percentage of interest as at the date of the interim report
CAIGA Hong Kong	Beneficial owner	310,963,318	84.97%
CAIGA	Interest in controlled corporation	310,963,318	84.97%
AVIC	Interest in controlled corporation	310,963,318	84.97%

Notes:

- (1) CAIGA Hong Kong is wholly-owned by CAIGA, which is in turn owned by AVIC as to approximately 73.39%. Under the SFO, each of CAIGA and AVIC is deemed to be interested in 310,963,318 Shares held by CAIGA Hong Kong.
- (2) All interests stated are long position.

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any other persons (who were not Directors or chief executives of the Company) who had an interest or short position in any Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were required to be entered in the register to be kept by the Company pursuant to Section 336 of the SFO.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Save for the issue of 149,600 Shares pursuant to the Over-allotment Option for the Global Offering, neither the Company nor any of its subsidiaries purchased, sold, or redeemed any listed securities of the Company (including sale of treasury Shares) during the Relevant Period.

As at the date of this interim report, the Company did not hold any treasury Shares.



Corporate Governance and Other Information

CHANGES IN DIRECTORS AND CHIEF EXECUTIVES

Mr. Qingchun SONG (宋慶春) has been the vice general manager of CAIGA since June 2024.

Save as disclosed above, as of the Latest Practicable Date, there has been no change in the information of the Directors and chief executives which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

MATERIAL LITIGATION

The Company was not involved in any material litigation or arbitration during the Reporting Period.

The Directors are also not aware of any material litigation or claims that are pending or threatened against the Group during the Reporting Period.

PUBLIC FLOAT

Since the Listing Date and up to the date of this interim report, our Company has maintained public float which is in compliance with the waiver from strict compliance with the public float requirements granted by the Stock Exchange pursuant to Rule 8.08(1)(d) of the Listing Rules.

CONTINUING DISCLOSURE OBLIGATION PURSUANT TO THE LISTING RULES

Save as disclosed in this interim report, the Company does not have any other disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

USE OF NET PROCEEDS FROM LISTING

With the Shares listed on the Stock Exchange on July 12, 2024, the net proceeds from the Global Offering (including the Shares issued as a result of the partial exercise of the Over-Allotment Option) were approximately HK\$1,396.02 million, which will be utilized for the purposes as set out in our Prospectus. As of the date of this interim report, there was no change in the intended use of net proceeds as previously disclosed in the section headed "Future Plans and Use of Proceeds" in the Prospectus. To the extent that net proceeds are not immediately used for the intended use and to the extent permitted by the relevant law and regulations, the net proceeds are placed into short-term interest-bearing accounts at licensed commercial banks and/or other authorized financial institutions as defined under the SFO or the applicable laws in the relevant jurisdiction for non-Hong Kong based deposits.

Corporate Governance and Other Information

As at the date of this interim report, the Group had utilized the net proceeds as set out in the table below:

Planned use of net proceeds	Percentage of total net proceeds %	Amount of net proceeds for the relevant use (HK\$ million)	Amount of net proceeds utilized as of the date of this interim report (HK\$ million)	Amount not yet utilized as of the date of this interim report (HK\$ million)
1. Fund innovation, product enhancements, continuing product improvements, and additional research and development activities	30.0%	418.81	—	418.81
2. Enhancement of our production efficiency and capacity	30.0%	418.81	—	418.81
3. Fund improvement and expansion of service, sales and support for our products and services provided in our ecosystem, both in geographically and in total capacity	30.0%	418.81	—	418.81
4. General working capital and other general corporate purposes to support our business operation and growth	10.0%	139.60	—	139.60
Total	100.0%	1,396.02	—	1,396.02

Note: Any discrepancies in any table between totals and sums of amounts listed therein are due to rounding.

On Behalf of the Board
Mr. Lei YANG
Chairman of the Board
 Hong Kong

August 27, 2024

Report on Review of Condensed Interim Consolidated Financial Information

To the Board of Directors of Cirrus Aircraft Limited
(incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 30 to 52, which comprises the interim condensed consolidated statement of financial position of Cirrus Aircraft Limited (the "**Company**") and its subsidiaries (together, the "**Group**") as at June 30, 2024 and the interim condensed consolidated statement of profit or loss, the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six-month period then ended, and selected explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting". The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

OTHER MATTER

The comparative information for the condensed consolidated statement of financial position is based on the audited financial statements as of December 31, 2023. The comparative information for the condensed consolidated statement of profit or loss, comprehensive income, changes in equity and cash flows, and related explanatory notes, for the period ended June 30, 2023 has not been audited or reviewed.

Report on Review of Condensed Interim Consolidated Financial Information



CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information of the Group is not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, August 27, 2024

Condensed Consolidated Statement of Profit or Loss

For the six months ended June 30, 2024

	Note	Six months ended June 30,	
		2024 US\$'000 (Unaudited)	2023 US\$'000 (Unaudited)
Revenue	5	475,386	426,006
Cost of sales	6	(311,945)	(277,381)
Gross profit		163,441	148,625
Selling and marketing expenses	6	(56,975)	(48,382)
General and administrative expenses	6	(60,310)	(56,883)
Operating profit before other income		46,156	43,360
Other income, net		600	355
Operating profit		46,756	43,715
Finance costs		(2,688)	(2,698)
Profit before income tax		44,068	41,017
Income tax expenses	7	(8,461)	(12,247)
Profit for the period		35,607	28,770
Earnings per share Basic and diluted (expressed in US\$ per share)	8	0.11	0.09

The above condensed consolidated statement of profit or loss should be read in conjunction with the accompanying notes.

Condensed Consolidated Statement of Comprehensive Income

For the six months ended June 30, 2024

	Six months ended June 30,	
	2024	2023
	US\$'000 (Unaudited)	US\$'000 (Unaudited)
Profit for the period	35,607	28,770
Other comprehensive gain/(loss): <i>Items that may be subsequently reclassified to profit or loss:</i>		
Fair value (loss)/gain on financial assets at fair value through other comprehensive income, net of tax	(1)	1
Other comprehensive (loss)/gain for the period, net of tax	(1)	1
Total comprehensive income for the period	35,606	28,771

The above condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying notes

Condensed Consolidated Statement of Financial Position

As of June 30, 2024

		As of June 30, 2024	As of December 31, 2023
	<i>Note</i>	US\$'000 (Unaudited)	US\$'000 (Audited)
Assets			
Non-current assets			
Property, plant, and equipment	10	207,457	197,933
Right-of-use assets		12,615	12,949
Intangible assets	11	257,447	245,173
Goodwill	11	115,923	115,923
Financial assets at fair value through other comprehensive income		482	471
Advances to suppliers		10,365	8,832
Contract assets		119	112
		604,408	581,393
Current assets			
Inventories		200,694	134,566
Reinsurance recoverable		23,121	21,417
Advances to suppliers		6,870	12,188
Contract assets		228	215
Notes and other receivables and prepayments		17,564	2,270
Accounts receivables	14	11,353	7,399
Financial assets at fair value through profit or loss		2,112	1,618
Cash and cash equivalents		214,579	246,869
		476,521	426,542
Total current assets		476,521	426,542
Total assets		1,080,929	1,007,935

Condensed Consolidated Statement of Financial Position

As of June 30, 2024

		As of June 30, 2024	As of December 31, 2023
	<i>Note</i>	US\$'000 (Unaudited)	US\$'000 (Audited)
Equity and liabilities			
Equity			
Share capital	12	155,482	155,482
Capital reserve		(113,482)	(113,482)
Financial assets at fair value through other comprehensive income ("FVOCI") fair value reserve		3	4
Retained earnings		466,979	431,372
Total equity		508,982	473,376
Non-current liabilities			
Borrowings	13	48,449	55,949
Lease liabilities		11,821	12,070
Deferred tax liabilities		13,741	15,160
Accrued warranty		6,929	7,363
Contract liabilities		58,614	57,047
Total non-current liabilities		139,554	147,589
Current liabilities			
Accounts payables	14	48,564	42,428
Employee wages and benefits payable		58,504	60,530
Accrued liabilities		9,433	10,033
Contract liabilities		44,024	45,241
Customer deposits		179,455	149,466
Interest payable		172	121
Income tax payable		12,935	8,541
Accrued warranty		22,003	20,534
Accrued product liability		38,650	35,325
Borrowings	13	15,551	11,801
Lease liabilities		3,102	2,950
		432,393	386,970
Total liabilities		571,947	534,559
Total equity and liabilities		1,080,929	1,007,935

The above condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.

Condensed Consolidated Statement of Changes in Equity

For the six months ended June 30, 2024

	Share capital (Note 12) US\$'000	Capital reserve US\$'000	Financial assets at fair value through other comprehensive income fair value reserve US\$'000	Retained earnings US\$'000	Total US\$'000
Balance as of January 1, 2024	155,482	(113,482)	4	431,372	473,376
Profit for the period	—	—	—	35,607	35,607
Fair value loss on financial assets at fair value through other comprehensive income, net of tax	—	—	(1)	—	(1)
Total comprehensive (loss)/income	—	—	(1)	35,607	35,606
Balance as of June 30, 2024	155,482	(113,482)	3	466,979	508,982
Balance as of January 1, 2023	155,482	(113,482)	3	346,729	388,732
Profit for the period	—	—	—	28,770	28,770
Fair value loss on financial assets at fair value through other comprehensive income, net of tax	—	—	1	—	1
Total comprehensive income	—	—	1	28,770	28,771
Dividends paid	—	—	—	(6,500)	(6,500)
Balance as of June 30, 2023	155,482	(113,482)	4	368,999	411,003

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Condensed Consolidated Statement of Cash Flows

For the six months ended June 30, 2024

	Six months ended June 30,	
	2024	2023
	US\$'000	US\$'000
	(Unaudited)	(Unaudited)
Cash flows from operating activities		
Profit for the period	35,607	28,770
Adjustments for:		
Income tax expenses	8,461	12,247
Finance costs	2,688	2,698
Depreciation on property, plant and equipment	9,655	7,772
Depreciation on right-of-use assets	2,167	1,934
Amortization of intangible assets	7,074	6,300
Gain on disposal of property, plant and equipment	(164)	—
Gain on financial assets at fair value through profit or loss	(166)	(113)
	65,322	59,608
Changes in working capital:		
Increase in inventories	(65,513)	(82,632)
(Increase)/decrease in accounts, notes and other receivables and reinsurance recoverable	(20,952)	6,432
Increase in contract assets	(20)	(8)
Decrease/(increase) in advances to suppliers	3,785	(3,119)
Increase in contract liabilities	350	3,662
Increase in customer deposits	29,989	14,339
Decrease in employee benefit payable	(2,026)	(3,270)
Increase/(decrease) in accounts and other payables	8,914	(21,879)
Cash generated from/(used in) operations	19,849	(26,867)
Interest paid	(2,637)	(2,651)
Tax paid	(5,486)	(15,402)
Net cash generated from/(used in) operating activities	11,726	(44,920)

Condensed Consolidated Statement of Cash Flows

For the six months ended June 30, 2024

	Six months ended June 30,	
	2024	2023
	US\$'000 (Unaudited)	US\$'000 (Unaudited)
Cash flows from investing activities		
Purchase of financial assets	(339)	(920)
Proceeds from sale of financial assets	—	318
Payment for property, plant and equipment	(20,210)	(13,574)
Proceeds from sale of property, plant and equipment	1,561	—
Payment for intangible assets	(19,348)	(14,179)
Net cash used in investing activities	(38,336)	(28,355)
Cash flows from financing activities		
Repayment of borrowings	(3,750)	(3,750)
Principal elements of lease payments	(1,930)	(1,720)
Dividends paid	—	(6,500)
Net cash used in financing activities	(5,680)	(11,970)
Net decrease in cash and cash equivalents	(32,290)	(85,245)
Cash and cash equivalents at beginning of the period	246,869	243,254
Cash and cash equivalents at ending of the period	214,579	158,009

The above condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the Condensed Consolidated Financial Information

1 GENERAL INFORMATION

Cirrus Aircraft Limited (the "**Company**") was incorporated on December 13, 2019 as an exempted company in the Cayman Islands under the Companies Act, Cap 22 (Law 3 of 1961) of the Cayman Islands with limited liability. The address of its registered office is Maples Corporate Services Limited, PO Box 309, Ugland House Grand Cayman, KY1-1104, Cayman Islands.

The Company is an investment holding company and its subsidiaries (together "**the Group**") are principally engaged in manufacturing and sales of piston aircraft ("**SR2X Series**") and single-engine turbine jet ("**Vision Jet**"), sales of services through Cirrus Services, including aviation parts, extended warranty contracts, maintenance operations, and training services.

The Company's ultimate holding company is Aviation Industry Corporation of China Ltd. ("**AVIC**"), a company incorporated in the People Republic of China ("**the PRC**").

This condensed consolidated interim financial information has not been audited.

The Company has its listing on The Stock Exchange of Hong Kong Limited ("**Stock Exchange**") on July 12, 2024.

2 BASIS OF PREPARATION

These condensed consolidated interim financial information for the six months ended June 30, 2024 has been prepared in accordance with International Accounting Standards ("**IAS**") 34 "Interim Financial Reporting" issued by the International Accounting Standards Board ("**IASB**") and the applicable disclosure provision of the Rules Governing the Listing of Securities of the Stock Exchange. This condensed consolidated interim financial information should be read in conjunction with the consolidated financial statements for the years ended December 31, 2021, 2022 and 2023, which have been prepared in accordance with IFRS Accounting Standards ("**IFRSs**") issued by the IASB.

The condensed consolidated interim financial information contains the condensed consolidated statement of financial position as of June 30, 2024, the condensed consolidated statement of profit or loss, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the six-month period then ended and selected explanatory notes. The condensed consolidated interim financial information does not include all of the notes of the type normally included in the consolidated financial statements.

Notes to the Condensed Consolidated Financial Information

2 BASIS OF PREPARATION (continued)

The accounting policies applied are consistent with those of the consolidated financial statements of the Group except for the adoption of amended standards as set out below.

This condensed consolidated interim financial information is presented in United State Dollars ("US\$") unless otherwise stated.

(a) Amendments to standards adopted by the Group:

Amendments to IAS 1	Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants
Amendment to IFRS 16	Leases Liabilities in a Sales and Leaseback
Amendments to IAS 7	Supplier Finance Arrangements

The adoption of these amendments to standards does not have any significant impact to the results and financial position of the Group.

(b) New standards and amendments to standards adopted by the Group:

The following new standards and amendments to standards have been issued but are not effective during the reporting period, and have not been early adopted by the Group:

		Effective for annual periods beginning on or after
Amendments to IAS 21	Lack of Exchangeability	January 1, 2025
Amendments to IFRS 9 and IFRS 7	Classification and Measurement of Financial Instruments	January 1, 2026
IFRS 18	Presentation and Disclosure in Financial Statements	January 1, 2027
IFRS 19	Subsidiaries without Public Accountability: Disclosures	January 1, 2027
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The Group plans to adopt the above new standards and amendments to standards when they become effective. According to the preliminary assessment made by the directors of the Company, these standards and amendments are either not relevant to the Group or not significant to the financial performance and positions of the Group when they become effective.

Notes to the Condensed Consolidated Financial Information

3 ESTIMATES

The preparation of condensed consolidated interim financial information requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies.

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation and uncertainty are the same as those that applied to the consolidated financial statements for the years ended December 31, 2021, 2022 and 2023.

4 SEASONALITY OF OPERATIONS

Due to the location of the Group's primary production facilities, the Group experiences seasonal weather conditions which impacts the Group's ability to certify the airworthiness of aircraft on a predictable basis. As a result, the Group generally keeps a higher level of finished goods or aircrafts in inventories during the summer months as compared to the start of the year or the winter months. Seasonal impacts are typically reflected in the first half of the financial year leading to lower revenues during the period as compared to the second half of the financial year. The revenues may vary from period to period within a financial year, as the results of operations of any particular period within a financial year may not be representative of the results of operations of the entire financial year.

5 REVENUE AND SEGMENT INFORMATION

The chief operating decision-maker (CODM) has been identified as the Chief Executive Officer and executive management of the Company that make strategic decisions. The CODM regard the Group's business as a single operating segment and review condensed consolidated financial information accordingly. As the Group has only one operating segment qualified as reporting segment under IFRS 8 and the information that regularly reviewed by the directors of the Group for the purposes of allocating resources and assessing performance of the operating segment is the financial statements of the Group, no separate segmental analysis is presented in the condensed consolidated interim financial information.

Since over 90% of the Group's revenue and operating profit are generated from transactions that are registered and closed within the United States, no geographical information is presented.

Notes to the Condensed Consolidated Financial Information

5 REVENUE AND SEGMENT INFORMATION (continued)

The revenue breakdown of different revenue streams for the six months ended June 30, 2024 and 2023 are as follows:

	Six months ended June 30, 2024		
	Aircraft US\$' 000	Cirrus Services & Other (Note) US\$' 000	Total US\$' 000
Revenue from external customers	<u>397,923</u>	<u>77,463</u>	<u>475,386</u>
Timing of revenue recognition			
— At a point in time	<u>397,923</u>	<u>52,648</u>	<u>450,571</u>
— Over time	<u>—</u>	<u>24,815</u>	<u>24,815</u>
Total	<u>397,923</u>	<u>77,463</u>	<u>475,386</u>
	Six months ended June 30, 2023		
	Aircraft US\$' 000	Cirrus Services & Other (Note) US\$' 000	Total US\$' 000
Revenue from external customers	<u>356,936</u>	<u>69,070</u>	<u>426,006</u>
Timing of revenue recognition			
— At a point in time	<u>356,936</u>	<u>46,824</u>	<u>403,760</u>
— Over time	<u>—</u>	<u>22,246</u>	<u>22,246</u>
Total	<u>356,936</u>	<u>69,070</u>	<u>426,006</u>

Note:

Revenue from Cirrus Services & Other includes sales and services made to related parties of the Group (Note 16).

Notes to the Condensed Consolidated Financial Information

6 EXPENSES BY NATURE

	Six months ended June 30,	
	2024	2023
	US\$'000	US\$'000
Employee benefit expenses	136,735	126,175
Raw materials	154,299	132,910
Preflown inventory	3,560	8,303
Insurance and product liability <i>(Note)</i>	(1,374)	4,088
Outside commissions and referrals	7,088	6,191
Lease expenses	2,341	2,160
Depreciation of property, plant, and equipment <i>(Note 10)</i>	9,655	7,772
Depreciation of right-of-use assets	2,167	1,934
Amortization of intangible assets <i>(Note 11)</i>	7,074	6,300
Advertising costs	7,133	7,111
Listing expenses	2,068	1,861
Legal and professional fees	7,005	4,440
Supplies	7,249	6,684
Repairs and maintenance	10,206	8,423
Service expenses	48,360	39,712
Utilities	2,893	2,763
Freight charges	2,208	2,119
Research	7,778	4,239
Vehicle expense	2,794	2,346
Travel and entertainment	2,782	2,593
Meetings	1,711	1,686
Real estate and miscellaneous tax	679	—
Other expenses	4,819	2,836
Total cost of sales, selling and marketing, general and administrative expenses	429,230	382,646

Note:

The balance during the period ended June 30, 2024 include the recoverable balance previously derecognized of approximately US\$7 million which is virtually certain of collection during the period (Note 17).

Notes to the Condensed Consolidated Financial Information

7 INCOME TAX

(a) Cayman Islands income tax

The Company is incorporated in the Cayman Islands and is not subject to corporate income taxes.

(b) US Corporation tax

The Group's subsidiaries in the United States are subject to US federal and state income tax. US federal tax have been provided at the rate of 21% on the estimated assessable profit during the six months ended June 30, 2023 and 2024, respectively, while the state income tax rate varies by state.

(c) The United Kingdom ("UK") corporate income tax

The Group's subsidiary in the United Kingdom is subject to UK corporation income tax and have been provided at the rate of 19% on the estimated assessable profit during the six months ended June 30, 2023 and 2024.

(d) The amount of income tax charged to the condensed consolidated statement of profit or loss represents:

	Six months ended June 30,	
	2024	2023
	US\$'000	US\$'000
Current income tax	9,880	18,074
Deferred income tax	(1,419)	(5,827)
Total	<u>8,461</u>	<u>12,247</u>

Notes to the Condensed Consolidated Financial Information



8 EARNINGS PER SHARE

(a) Basic earnings per share

The basic earnings per share is calculated by dividing the profit attributable to shareholders of the Company by the weighted average number of ordinary shares outstanding during the periods ended June 30, 2023 and 2024.

	Period ended June 30,	
	2024	2023
	US\$'000	US\$'000
Profit attributable to the owners of the Company (US\$'000)	35,607	28,770
Weighted average number of ordinary shares (Note)	310,963,318	310,963,318
Basic earnings per share (expressed in US\$/share)	0.11	0.09

Note: The earnings per share presented above have taken into account the share subdivision pursuant to the resolutions in writing of all shareholders passed on June 23, 2024 and completed on July 12, 2024 (Note 12).

(b) Diluted earnings per share

As the Company has no dilutive instruments for the periods June 30, 2023 and 2024, the Group's diluted earnings per share equals to its basic earnings per share.

9 DIVIDENDS

No dividends are declared for the six months ended June 30, 2024 (June 30, 2023: US\$6,500,000).

Notes to the Condensed Consolidated Financial Information

10 PROPERTY, PLANT AND EQUIPMENT

	2024	2023
	US\$'000	US\$'000
Six months ended June 30,		
Opening net book amount	197,933	161,784
Additions	19,980	13,405
Transfer	615	820
Disposals	(1,416)	(12)
Depreciation charge	(9,655)	(7,524)
Closing net book amount	<u>207,457</u>	<u>168,473</u>
At June 30		
Cost	342,017	284,446
Accumulated depreciation	<u>(134,560)</u>	<u>(115,973)</u>
Net book amount	<u>207,457</u>	<u>168,473</u>

Notes to the Condensed Consolidated Financial Information



11 GOODWILL AND INTANGIBLE ASSETS

	Intangible assets US\$'000	Goodwill US\$'000	Total US\$'000
Six months ended June 30, 2024			
Opening net book amount	245,173	115,923	361,096
Additions	19,348	—	19,348
Amortization charge	(7,074)	—	(7,074)
Closing net book amount	<u>257,447</u>	<u>115,923</u>	<u>373,370</u>
At June 30, 2024			
Cost	361,323	115,923	477,246
Accumulated amortization	(103,876)	—	(103,876)
Net book amount	<u>257,447</u>	<u>115,923</u>	<u>373,370</u>
Six months ended June 30, 2023			
Opening net book amount	231,320	115,923	347,243
Additions	14,179	—	14,179
Amortization charge	(6,300)	—	(6,300)
Closing net book amount	<u>239,199</u>	<u>115,923</u>	<u>355,122</u>
At June 30, 2023			
Cost	326,650	115,923	442,573
Accumulated amortization	(87,451)	—	(87,451)
Net book amount	<u>239,199</u>	<u>115,923</u>	<u>355,122</u>

Notes to the Condensed Consolidated Financial Information

12 SHARE CAPITAL

	The Company	
	Number of shares	Nominal value US\$
Authorized 250,000,000 ordinary shares of US\$1 each as of December 31, 2023 and June 30, 2024 (Note)	<u>250,000,000</u>	<u>250,000,000</u>
Issued: As of December 31, 2023 and June 30, 2024	<u>155,481,659</u>	<u>155,481,659</u>

Note:

Pursuant to the written resolutions of the shareholder passed on June 23, 2024, each share with par value US\$1.00 in the then issued and unissued share capital of the Company has been subdivided into two shares with par value of US\$0.50 each upon the completion of the global offering of the Group on July 12, 2024. The issued share capital of US\$155,481,659 was divided into 310,963,318 shares after the share subdivision.

13 BORROWINGS

	As of June 30, 2024 US\$'000 (Unaudited)	As of December 31, 2023 US\$'000 (Audited)
Non-current		
Long-term bank borrowings	60,000	63,750
Long-term other borrowings	4,000	4,000
Less: current portion of long-term bank and other borrowings	<u>(15,551)</u>	<u>(11,801)</u>
	48,449	55,949
Current		
Current portion of long-term bank borrowings	15,000	11,250
Current portion of long-term other borrowings	<u>551</u>	<u>551</u>
	<u>15,551</u>	<u>11,801</u>
	<u>64,000</u>	<u>67,750</u>

Notes to the Condensed Consolidated Financial Information

13 BORROWINGS (continued)

The carrying amounts of the Group's borrowings approximate their fair values since the interest payable on those borrowings is close to the current market rates. The Group's borrowings from a commercial bank bear interest at the 30-day SOFR average rate plus 1.85%. These borrowings are collateralized by a security interest in substantially all the tangible and intangible assets of the Group. The Group's borrowings from a local government entity bear interest at 3% per annum and are collateralized by the related property.

The borrowings from a commercial bank carry certain covenants based on financial and non-financial measures. The Group was in compliance with all covenants as of June 30, 2024 and December 31, 2023.

Future contractual maturities of long-term debts are as follows:

	As of June 30, 2024	As of December 31, 2023
	US\$'000 (Unaudited)	US\$'000 (Audited)
Within one year	15,551	11,801
Greater than one year and less than two years	15,531	15,531
Greater than two years and less than five years	31,698	39,198
More than five years	1,220	1,220
	64,000	67,750

Notes to the Condensed Consolidated Financial Information

14 FINANCIAL INSTRUMENTS

(i) Accounts receivables

	As of June 30, 2024	As of December 31, 2023
	US\$'000 (Unaudited)	US\$'000 (Audited)
Accounts receivables	13,746	9,752
Less: Provision for impairment	(2,393)	(2,353)
Accounts receivables, net	<u>11,353</u>	<u>7,399</u>

The aging analysis of accounts receivables based on the invoice date is as follows:

	As of June 30, 2024	As of December 31, 2023
	US\$'000 (Unaudited)	US\$'000 (Audited)
Current-60 days	10,927	7,325
61-90 days	1,430	893
91-120 days	517	854
Over 120 days	872	680
	<u>13,746</u>	<u>9,752</u>

Notes to the Condensed Consolidated Financial Information

14 FINANCIAL INSTRUMENTS (continued)

(ii) Accounts payables

The aging analysis of accounts payables based on the invoice date is as follows:

	As of June 30, 2024	As of December 31, 2023
	US\$'000 (Unaudited)	US\$'000 (Audited)
Current-30 days	48,015	42,013
31-60 days	508	—
61-120 days	41	7
Over 120 days	—	408
	48,564	42,428

15 CAPITAL COMMITMENTS

As of June 30, 2024 and December 31, 2023, the Group's capital commitment on property, plant and equipment amounted to approximately US\$6 million and US\$8 million, respectively.

16 RELATED PARTIES TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, control the other party or exercise significant influence over the other party in making financial and operation decisions. Parties are also considered to be related if they are subject to common control. Members of key management and their close family members of the Group are also considered as related parties.

The following significant transactions were carried out between the Group and its related parties during the reporting period. In the opinion of the directors of the Group, the related party transactions were carried out in the normal course of business and at terms negotiated between the Group and the respective related parties.

Notes to the Condensed Consolidated Financial Information

16 RELATED PARTIES TRANSACTIONS (continued)

(a) Names and relationships with related parties

Name of the related parties	Nature of relationship
AVIC	Controlling shareholder
China Aviation Industry General Aircraft Co., Ltd. ("CAIGA")	Controlling shareholder
CAIGA (Hong Kong) Limited	Controlling shareholder
AVIC General Huanan Aircraft Industry Co., Ltd. ("AG Huanan")	Subsidiary of CAIGA
AVIC GENERAL Service Co., Ltd. ("AG Services")	Subsidiary of CAIGA
China Aviation Industry General Aircraft Zhejiang Institute Co., Ltd. ("AG Zhejiang")	Subsidiary of CAIGA
Continental Aerospace Technologies, Inc. ("Continental")	Associate of AVIC

(b) Significant transactions with related parties

	Six months ended June 30,	
	2024	2023
	US\$'000 (Unaudited)	US\$'000 (Unaudited)
Aircraft development fee — AG Zhejiang	218	4,352
Provision of procurement support and technical support service — AG Zhejiang	328	212
Provision of aircraft products — AG Services	1,021	1,281
Aircraft kits sale — AG Huanan	82	88
Program services — AG Huanan	240	373
Purchase of engines and parts — Continental	21,542	18,522

Notes to the Condensed Consolidated Financial Information

16 RELATED PARTIES TRANSACTIONS (continued)

(c) Period/year end balances with related parties

	As of June 30, 2024 US\$'000	As of December 31, 2023 US\$'000
Amounts due from related parties	11,142	9,641
Amounts due to related parties	(2,593)	(1,891)

The amounts due from/(to) related parties are trade in nature, unsecured, interest-free and repayable on demand. The carrying value of these balance approximate their fair value are and denominated in US\$.

17 LITIGATION AND CONTINGENT LIABILITIES

As of the date of this condensed consolidated interim financial information, the Group had several claims which are mostly product liability cases. In these matters, the Group continues to vigorously defend its position and believes there is a reasonable possibility for a favorable outcome to the benefits of the Group, or if not, the Group has provided adequate provisions to cover potential losses, including a comprehensive liability insurance program.

Based on the development of the litigation and independent legal advice obtained, management considered that the ultimate disposition of these matters will not have a material adverse effect on the Group's consolidated financial position, results of operations, or liquidity.

The Group continually assesses the comprehensive liability insurance policies to determine if each case and claim are qualified as reinsurance recoverable. In connection with certain claims that reached final resolution in early 2023, the Group determined that balances are no longer virtually certain of collection and such balances amounting to US\$7.9 million were derecognized in 2023 and charged the related costs to general and administration expense in the condensed consolidated statement of profit and loss.

As of June 30, 2024, the Group obtained sufficient evidence from various reinsurers in connection with the prior derecognized balances of the pending payment of claims which led management to conclude they were virtually certain of collection as of June 30, 2024. As such, management has reversed the loss previously recognized of approximately US\$7 million and the related gain was included in general and administration expense in the condensed consolidated statement of profit and loss during the period ended June 30, 2024.

Notes to the Condensed Consolidated Financial Information

18 EVENTS AFTER THE REPORTING PERIOD

Pursuant to the written resolutions of the shareholder passed on June 23, 2024, each share with par value US\$1.00 in the then issued and unissued share capital of the Company has been subdivided into two shares with par value of US\$0.50 each upon the completion of the global offering of the Group on July 12, 2024. Following the share subdivision, the authorized share capital consists of US\$250,000,000 divided into 500,000,000 shares with a par value of US\$0.50 each.

On July 12, 2024, the Group announced that a global offering was reached on the Hong Kong exchange whereby 54,876,000 shares, representing approximately 15.0% of the issued share capital of the Company is now held in public hands. The full purchase price of the shares was HK\$27.50. The Over-allotment Option has been partially exercised on August 8, 2024, in respect of an aggregate of 149,600 Shares, which was issued and allotted by the Company on August 13, 2024 at HK\$27.50 per share.

Save as disclosed above in this condensed consolidated interim financial information, there were no additional material subsequent events took place after June 30, 2024.