Q1 2023 RESULTS

Avia Solutions Group

Jonas Janukenas
Chief Executive Officer

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Chief Financial Officer

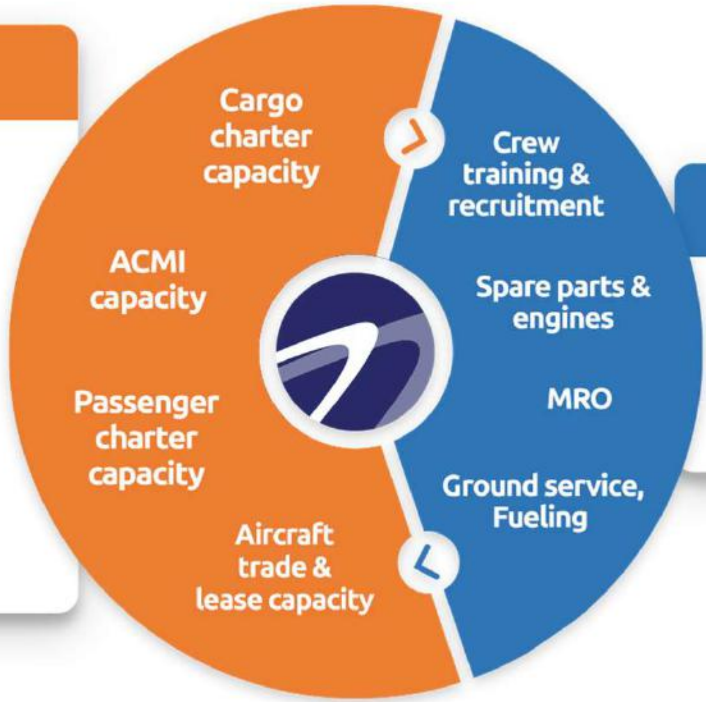
June 2023

LEADERS IN END-TO-END CAPACITY SOLUTIONS FOR PASSENGER AND CARGO AIRLINES WORLDWIDE

Avia Solutions Group

LOGISTICS & DISTRIBUTION

- Wet Lease
- Group Charters
- On Board Courier
- Private Jet Charters
- Trade of an aircrafts with a lease attached
- Damp Lease
- Cargo Charters
- Humanitarian Airlifts
- Aircraft fleet sourcing for the group companies



SUPPORT SERVICES

- Aircraft Maintenance (MRO) & Spare Parts
- Ground Handling & Fuelling
- Aviation Training & Recruitment

Q1 2023 Revenue geography by clients:

Europe – 71.9%;

Asia – 11.4%;

Americas – 7.5%;

Africa – 5.5%;

Other – 3.8%.

Q1 2023 Human capital spread by geography:

Europe – 90.1%;

Asia – 9.0%;

Americas – 0.9%;

Other – 0.0%.

€405 m
Q1 2023 revenue

€23 m
Q1 2023 EBITDA

€285 m
Cash and Short-term Deposits
as of 31 March 2023

BB- / BB
S&P / Fitch Ratings
as of 13 October 2022 / 28 April 2023

* Net Debt definition is in Glossary

KEY HIGHLIGHTS

Avia Solutions Group

- Strong performance of passenger ACMI market, stabilization in air cargo industry
- Group revenue increased by 28% reaching €405 m in Q1 2023
- Higher costs related to expansion of aircraft fleet and preparation for high season
- Aircraft fleet growth: plus 17 aircraft in Q1 2023
- Geographical expansion into South hemisphere continues
- $22 m of bonds were repurchased in April, current outstanding amount of $180 m

PASSENGER TRANSPORTATION SECTOR

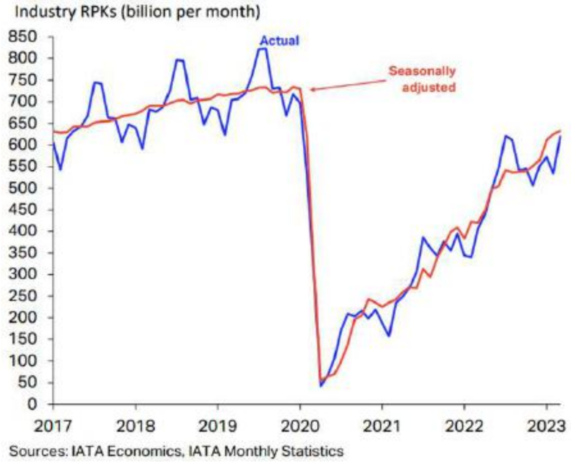
Global

- Global passenger traffic exhibited strong growth in March, with industry-wide revenue passenger-kilometers (RPKs) increasing by 52% YoY and reaching 88% of March 2019 levels. Domestic RPKs were almost fully recovered, only 1% below pre-pandemic levels after growing 34% YoY. International RPKs increased 69% YoY, demonstrating resilient demand for air travel. The reopening of China and easing of travel restrictions has accelerated the recovery of domestic and international traffic.
- Compared to a year ago, available seat kilometers (ASKs) grew by 41% in March, which increased the industry-wide load factor by 6% to reach 81%. These load factor improvements were broad based and pushed the industry load factor close to its all-time high for the month of March.

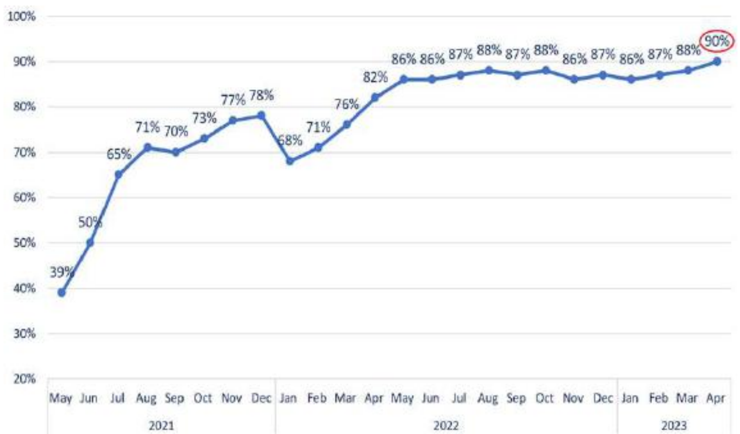
Europe

- In April 2023, average daily flights grew slowly and reached 90% of the 2019 level.
- Intra-Europe flights are at -7% compared to the 2019 level, while non intra-Europe are 10% down basically because flows between Europe and Other Europe (incl. Russia) are at -68% compared to the 2019 level.
- Looking ahead, domestic and international ticket sales suggest that a full and sustained recovery is around the corner.

Global air passenger volumes



Europe flights since May 2021 as comparison with 2019



Traffic evolution between regions

week 09-15 May 2023 vs. 2019

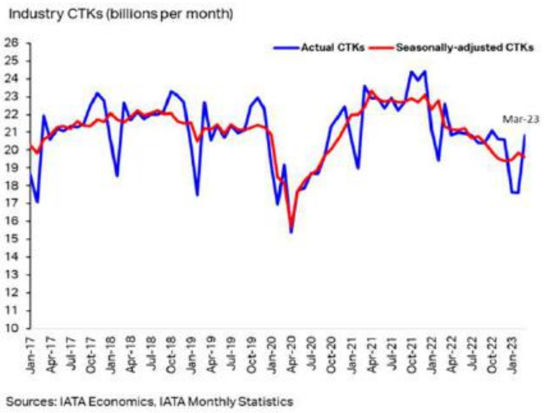
Sources: IATA Economics, IATA Monthly Statistics, Eurocontrol

GLOBAL CARGO SECTOR

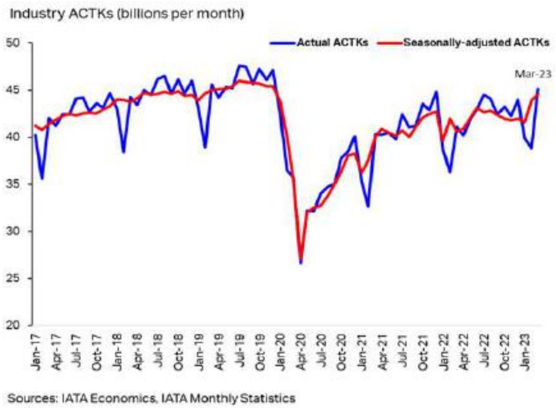
Avia Solutions Group

- Global air cargo demand decreased in March, but at a slower rate than in February and January, with cargo tonne-kilometers (CTKs) falling by 8% YoY. This reflects a continued trend of improvement compared to the steep annual decline of -17% observed in January and double-digit decreases in earlier months.
- Air cargo capacity grew 10% YoY, primarily due to the increasing belly-hold capacity from passenger aircraft. As a result, cargo load factors fell to 46%, 9% lower than last year's load factors.
- China's reopening has helped its economic outlook and cargo traffic on Asia Pacific trade lanes, but its new export orders retreated in March after a slight improvement in February. Other major economies also saw contractions in their new export orders in March compared to February.

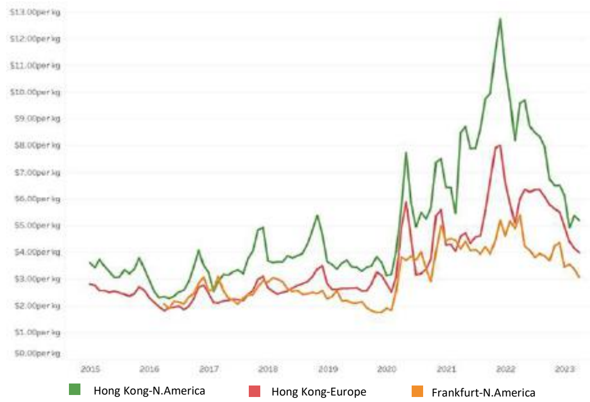
Cargo-tonne kilometres (CTKs) levels



Available cargo tonne-kilometres (ACTKs)



Freight Index (BAI)*



Sources: IATA Economics, IATA Monthly Statistics, Baltic exchange
* - Baltic Exchange Air Freight Index (BAI)

Q1 2023 KEY FINANCIAL HIGHLIGHTS

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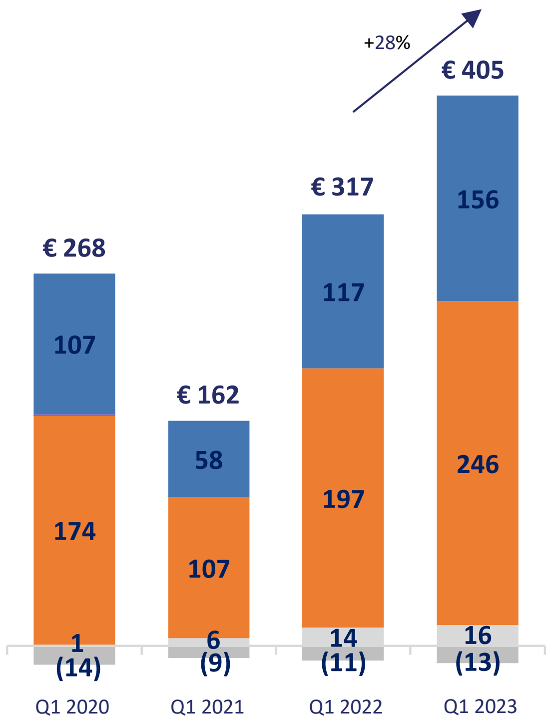
Support Services
- MRO
- Ground handling
- Fueling

Logistics & Distribution
- Cargo & Charter
- Passenger ACMI
- Cargo ACMI
- Private Jet

Unallocated

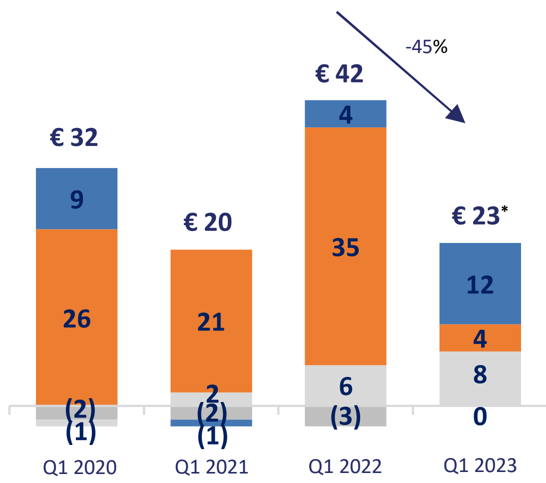
IC and business combination adjustments

Consolidated Group Revenue



Consolidated Group EBITDA

in € m



* Management corrections for comparison purposes

LOGISTICS & DISTRIBUTION

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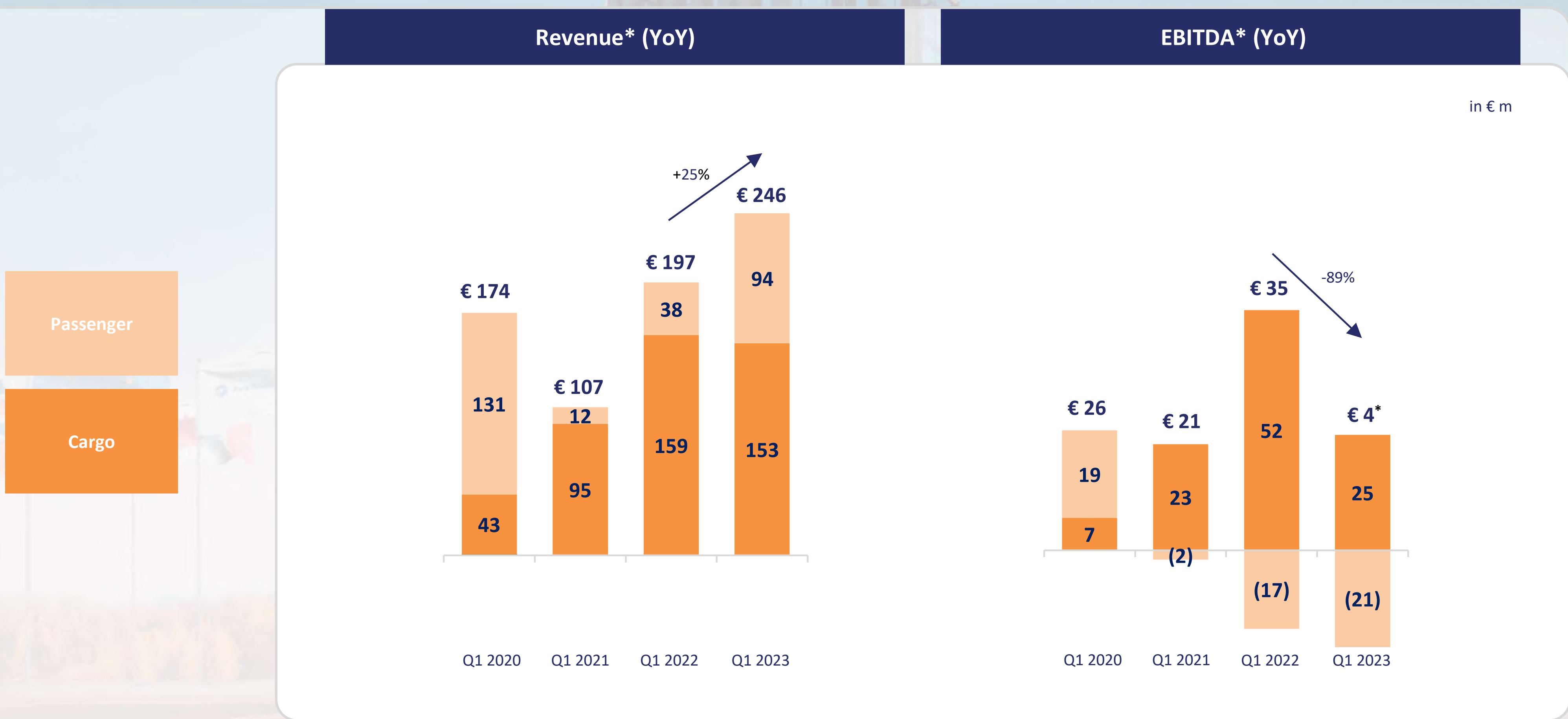


* Management corrections for comparison purposes

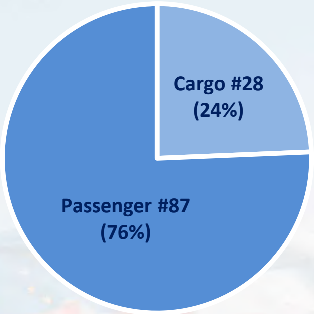
AIRCRAFT FLEET

Avia Solutions Group

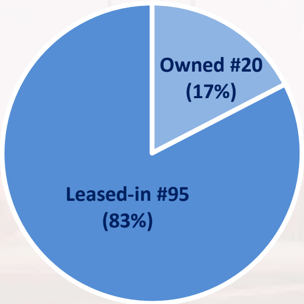
Q1 2022

115*

By type



By ownership

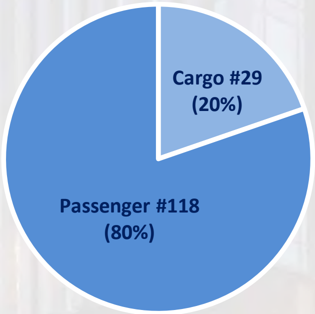


+28%

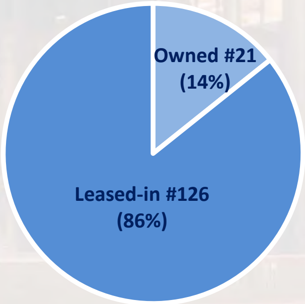
Q4 2022

147*

By type



By ownership

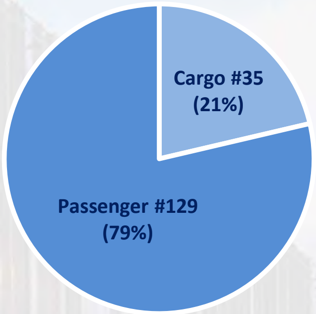


+12%

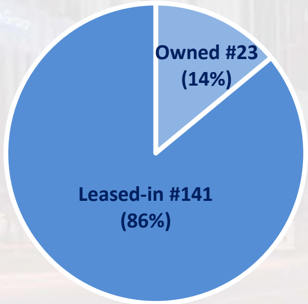
Q1 2023

164*

By type



By ownership



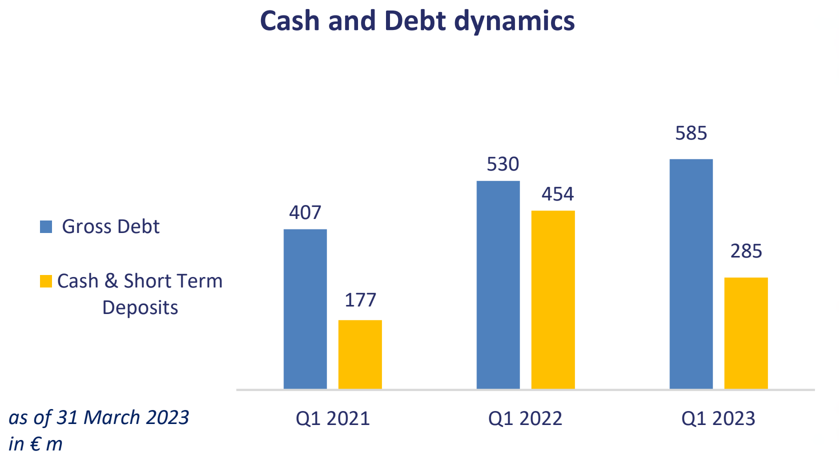
* Aircraft number without LOI

CASH AND DEBT POSITION

Avia Solutions Group

Lease liabilities Q1 2023:

- IFRS16 in Passenger ACMI segment: €381 m
- IFRS16 in Cargo ACMI segment: €166 m
- IFRS16 in Support Services segment: €52 m
- Other lease liabilities: €31 m

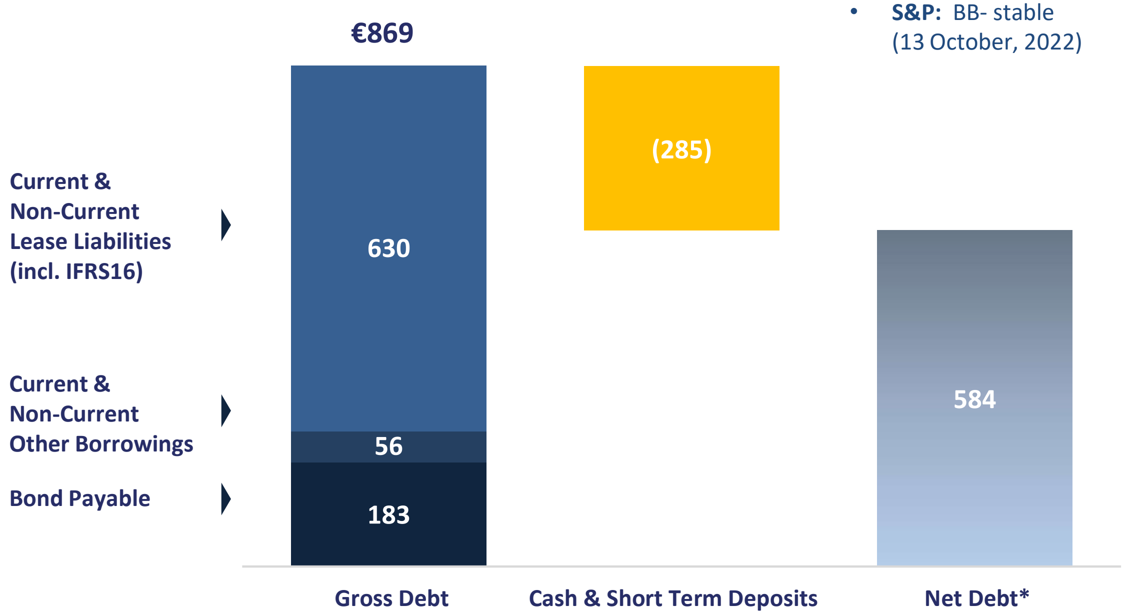


as of 31 March 2023
in € m

Consolidated Debt Position of the Group

Credit Ratings (Long-term):

- **Fitch:** BB stable (28 April, 2023)
- **S&P:** BB- stable (13 October, 2022)



as of 31 March 2023
in € m

* Net Debt definition is in Glossary

INCOME STATEMENT (CUMULATIVE)

Avia Solutions Group

Consolidated statements of comprehensive income		
in € m	Q1 2023	Q1 2022
Revenue	**404.8**	**317.1**
Other income	0.8	0.7
Cost of services and goods purchased	(278.1)	(208.8)
Depreciation and amortisation	(42.0)	(21.7)
Employee related expenses	(85.8)	(66.1)
Other operating expenses	(21.9)	(17.3)
Impairment losses of financial assets	(0.1)	(9.3)
Other impairment-related expenses	0.0	(6.1)
Other gain/(loss) - net	3.5	19.7
Operating profit (loss)	**(18.7)**	**8.3**
Finance income	6.4	0.1
Finance cost	(24.2)	(18.3)
Finance costs – net	**(17.8)**	**(18.2)**
Share of profit (losses) of associates	0.0	0.0
Profit (loss) before income tax	**(36.5)**	**(9.8)**
Income tax	3.0	(3.2)
Profit (loss) for the period	**(33.5)**	**(13.0)**

- Group ramped-up for the upcoming high season by incepting fleet by 49 new aircrafts Q1 2023 vs Q1 2022. This also caused increase in costs respectively:
  - €18 m in Depreciation and amortisation;
  - €13 m in Crew costs;
  - €10,5 m in aircraft maintenance costs;
  - €7 m in other aircraft operation costs.
- Profitability to improve significantly once ACMI high season starts in May;
- Other gains in Q1 2022 include 3 aircraft sales lease-back arrangements to our Cargo ACMI company;
- Most of aircraft fuel expenses €78 m in Q1 2023 vs €70 m in Q1 2022 are passed on to customers.

IFRS16 expenses					
in € m	FY 2019 pro-forma	FY 2020	FY 2021	FY 2022	Q1 2023
Support services	(4.0)	(10.6)	(9.8)	(10.4)	(2.9)
Logistics and Distribution	(79.1)	(78.8)	(48.3)	(97.4)	(40.8)
Other	(0.4)	(2.9)	(2.5)	(2.8)	(0.8)
TOTAL:	**(83.6)**	**(92.3)**	**(60.6)**	**(110.6)**	**(44.5)**

* Pro-forma definition is in Glossary

FREE CASH FLOW (CUMULATIVE)

Key cash-flow drivers:

- **Operating activities** – low season in ACMI sector;
- **Repayment of lease liabilities** – payment for ACMI lease-in aircraft;
- **Other investment activities** – sale of one office building in AeroCity campus.

Condensed consolidated statements of cash flows: in € m	Q1 2023	Q1 2022
Changes in working capital	11.2	23.4
Operating activities	(7.3)	19.8
Net cash generated from (used in) operating activities	**3.9**	**43.2**
Purchase of PPE and intangible assets	(36.6)	(21.6)
Other investing activities	19.7	2.9
Net cash generated from (used in) investing activities	**(16.9)**	**(18.7)**
Repayment of lease liabilities	(21.1)	(12.0)
Other financing activities	(5.0)	(0.5)
Net cash generated from (used in) financing activities	**(26.1)**	**(12.5)**
Increase (decrease) in cash and cash equivalents	**(39.1)**	**12.0**
Cash and short term deposits at the beginning of period	324.4	442.0
Cash and short term deposits at the end of period	285.3	454.0

CAPEX

- **Crew Training and Staffing** – investments in France flight training centre;
- **Cargo** – acquisition of B737 for conversion to cargo;
- **Passenger** – capitalized aircraft preparation and overhaul cost;
- **Unallocated** – investments in AeroCity real estate campus – modern cluster of aviation companies in Vilnius.

in € m		Q1 2023
Support Services	Aircraft Maintenance, Repair and Overhaul (MRO)	2.0
	Aircraft Ground Handling, Fueling and Logistics	0.9
	Crew Training and Staffing	3.0
	Total as per subgroup	**5.9**
Logistics and Distribution	Passenger	9.4
	Cargo	12.2
	Total as per subgroup	**21.7**
Unallocated	**Total as per subgroup**	**9.0**
	TOTAL CAPEX	**36.6**

in € m	Q1 2023
M&A	**2.0**

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Avia Solutions Group

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This presentation also contains certain “non-IFRS financial measures”, i.e. financial measures that either exclude or include amounts that are not excluded or included in the most directly comparable measure calculated and presented in accordance with IFRS.

PRO-FORMA FOR 2019:
a) In 2019, the Group was reorganized and grew substantially in size, through the completion of the acquisition of four different groups of companies: SmartLynx Airlines SIA, Avion Express UAB, AviaAM Leasing AB and Chapman Freeborn Holdings Limited (the “Reorganization”);
b) All pro-forma financial statements in this presentation are unaudited and present the Group’s hypothetical results as if the Reorganization (as defined above) had taken place and was completed on 1 January 2019;
c) The information provided in this presentation does not represent and is not intended to be presentation of consolidated financial information in accordance with IFRS, and does not contain all the necessary adjustments that may be required under IFRS and any applicable law. Accordingly, the information contained herein is not comparable to the consolidated periodical financial information released by the Group.

EBITDA: Group's EBITDA is calculated as profit (loss) from continuing operations before income tax plus depreciation and amortisation, finance costs – net, and adjusted for the results of equity-accounted investees and significant non-recurring transactions. EBITDA is presented because in the Group's opinion this is a useful measure of the results of operations. EBITDA is not defined by IFRS and should not be treated as an alternative to the profit (loss) categories provided for in IFRS as a measure of the operating results nor as a measure of cash flows from operating activities based on IFRS. Neither can it be treated as an indicator of liquidity.

ADJUSTMENT is an alternative performance measure used by ASG, which includes material charges or profits caused by movements in provisions related to assets, restructuring, or foreign exchange impacts as well as capital gains/losses from the disposal and acquisition of businesses.

CASH POSITION: ASG defines its consolidated gross cash position as the total of (i) cash and cash equivalents in banks and non-bank global payment providers, and (ii) up to 3 months deposits in banking financial institutions.

NET DEBT: For the purpose of capital risk management, the Group does not include the convertible preferred shares liability in the net debt calculation, since it is not subject to redemption via a cash outflow upon the expected conversion.