

**AVIA SOLUTIONS GROUP PLC**

Condensed Consolidated Interim Financial Information,  
For the Three-Month Period Ended 31 March 2022 (Unaudited)

Beginning of the financial period	1 January 2022
End of reporting period	31 March 2022
Name of the company	<b>Avia Solutions Group PLC</b> (hereinafter “the Company”)
Date of registration	28 February 2018
Code of enterprise	HE 380586
Name of Register of Legal Entities	Department of Registrar of Companies and Official Receiver
Registered office	117 Arch. Makariou Ave. 5th Floor, Office 505 3021 Limassol, Cyprus
Telephone number	+44 20 808 99777 / +370 5 252 5500
E-mail	<a href="mailto:info@aviasg.com">info@aviasg.com</a>
Internet address	<a href="http://www.aviasg.com">www.aviasg.com</a>
Segments of consolidated Group	Aviation Supporting Services, Aviation Logistics and Distribution Services, Aircraft Trading and Portfolio Management, Unallocated (holding, financing and other with aviation not related activities).
Board of Directors:	Gediminas Žiemelis (appointed from 12 July 2019) Jonas Janukėnas (appointed from 28 February 2018) Žilvinas Lapinskas (appointed from 12 July 2019) Linas Dovydėnas (appointed from 12 July 2019) Vygaudas Ušackas (appointed from 16 September 2019) Tom Klein (appointed on 15 December 2021)
Company Secretary:	Fidema Services (appointed from 28 February 2018)

**CONTENTS**

**Pages**

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME .....4  
CONDENSED CONSOLIDATED BALANCE SHEET .....5  
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY .....7  
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS.....9  
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION .....11

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	January – March	
		2022	2021
<b>Revenue</b>	3	<b>317 129</b>	<b>162 144</b>
Other income	3	746	889
Cost of services and goods	3, 4	(208 777)	(95 058)
Employee related expenses	3	(66 068)	(38 995)
Depreciation and amortisation	3, 10	(21 680)	(18 040)
Other operating expenses	3, 5.1	(17 336)	(11 520)
Impairment losses of financial assets	3, 5.2	(9 311)	(236)
Other impairment-related expenses	3, 5.2	(6 106)	(632)
Other gain/(loss) – net	3	19 732	13 473
<b>Operating profit (loss)</b>	3	<b>8 329</b>	<b>12 025</b>
Finance income	6	94	2 403
Finance cost	6	(18 259)	(8 494)
<b>Finance costs – net</b>	6	<b>(18 165)</b>	<b>(6 091)</b>
Share of profit (losses) of associates	11	23	22
<b>Profit (loss) before income tax</b>		<b>(9 813)</b>	<b>5 956</b>
Income tax	7	(3 154)	(4 202)
<b>Profit (loss) for the period</b>		<b>(12 967)</b>	<b>1 754</b>
<b>Profit (loss) attributable to:</b>			
Equity holders of the parent		(13 783)	1 636
Non-controlling interests		816	118
		<b>(12 967)</b>	<b>1 754</b>
<b>Other comprehensive income</b>			
Gain (loss) on cash flow hedges, net of income tax		(674)	191
Exchange differences on translation of foreign operations		2 280	10 942
<b>Other comprehensive income (loss) for the period</b>		<b>1 606</b>	<b>11 133</b>
<b>Total comprehensive income for the period attributable to:</b>			
Equity holders of the parent		(12 208)	12 651
Non-controlling interests		847	236
		<b>(11 361)</b>	<b>12 887</b>



Managing Director  
Jonas Janukėnas



Chief Financial Officer  
Robertas Čipkus

**CONDENSED CONSOLIDATED BALANCE SHEET**


	Notes	31 March 2022	31 December 2021
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	10	464 724	414 443
Investments property	10	27 166	26 428
Intangible assets	10	116 219	115 946
Investments accounted for using the equity method	11	52 664	51 602
Deferred tax assets		18 975	16 728
Financial assets at fair value through profit or loss	18	2 967	2 924
Non-current derivative financial instruments	18	4 995	4 667
Long-term bank deposits		2 338	2 297
Non-current trade and other receivables	12	53 375	49 725
		<b>743 423</b>	<b>684 760</b>
<b>Current assets</b>			
Inventories	14	76 520	73 551
Trade and other receivables	12	242 440	247 036
Financial assets at fair value through profit or loss	18	308	313
Contract assets		23 954	20 676
Prepaid income tax		945	1 739
Short-term bank deposit		135 032	225 083
Cash and cash equivalents	13	319 405	216 664
		<b>798 604</b>	<b>785 062</b>
<b>Total assets</b>		<b>1 542 027</b>	<b>1 469 822</b>

**CONDENSED CONSOLIDATED BALANCE SHEET  
(CONTINUED)**

	Notes	31 March 2022	31 December 2021
<b>EQUITY</b>			
<b>Equity attributable to the Group's equity shareholders</b>			
Share capital	8	22 556	22 556
Share premium		282 158	282 158
Other reserves		662	596
Treasury shares		(12)	(12)
Merger reserve		(456)	(456)
Fair value reserve		1 368	2 042
Cumulative translations differences		(972)	(3 221)
Retained earnings		7 628	21 449
<b>Equity attributable to equity holders of the parent</b>		<b>312 932</b>	<b>325 112</b>
Non-controlling interests		4 152	3 267
<b>Total equity</b>		<b>317 084</b>	<b>328 379</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Convertible preferred shares	19	306 856	300 920
Borrowings		290 701	281 613
Lease liabilities		163 680	126 529
Government grants		244	298
Security deposits received		295	385
Trade and other payables	15	18 196	18 537
Deferred income tax liabilities		8 797	9 329
Derivative financial instruments	18	5 003	5 865
		<b>793 772</b>	<b>743 476</b>
<b>Current liabilities</b>			
Trade and other payables	15	252 499	217 366
Borrowings		14 619	17 301
Lease liabilities		60 611	54 226
Contract liabilities		67 262	77 635
Security deposits received		9 850	6 309
Current income tax liabilities		26 330	25 130
Derivative financial instruments	18	-	-
		<b>431 171</b>	<b>397 967</b>
<b>Total liabilities</b>		<b>1 224 943</b>	<b>1 141 443</b>
<b>Total equity and liabilities</b>		<b>1 542 027</b>	<b>1 469 822</b>



Managing Director  
Jonas Janukėnas



Chief Financial Officer  
Robertas Ćipkus

**AVIA SOLUTIONS GROUP PLC**

 CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION  
 FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2022

(All tabular amounts are in EUR '000 unless otherwise stated)


**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	Equity attributable to equity holders of the Group										
	Share capital	Share premium	Treasury shares	Merger reserve	Other reserves	Fair value reserve	Currency translation differences	Retained earnings	Total	Non-controlling interests	Total equity
<b>Balance at 1 January 2021</b>	22 556	282 158	(1 165)	(456)	331	1 496	(22 005)	(11 970)	270 945	2 425	273 370
<b>Comprehensive income</b>											
Net gain (loss) on cash flow hedge	-	-	-	-	-	190	-	-	190	-	190
Currency translation difference	-	-	-	-	-	-	10 824	-	10 824	118	10 942
Profit (loss) for the period	-	-	-	-	-	-	-	1 635	1 635	118	1 753
<b>Total comprehensive income</b>	-	-	-	-	-	190	10 824	1 635	12 649	236	12 885
<b>Transactions with owners</b>											
Dividends paid	-	-	-	-	-	-	-	-	-	(293)	(293)
Sale of treasury shares	-	-	374	-	-	-	-	-	374	-	374
Share based payments (other reserves)	-	-	-	-	66	-	-	-	66	-	66
<b>Total transactions with owners</b>	-	-	374	-	66	-	-	-	440	(293)	147
<b>Balance at 30 March 2021</b>	22 556	282 158	(791)	(456)	397	1 686	(11 181)	(10 335)	284 034	2 368	286 402

**AVIA SOLUTIONS GROUP PLC**

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION  
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2022

(All tabular amounts are in EUR '000 unless otherwise stated)



**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)**

	Equity attributable to equity holders of the Group										
	Share capital	Share premium	Treasury shares	Merger reserve	Other reserves	Fair value reserve	Currency translation differences	Retained earnings	Total	Non-controlling interests	Total equity
<b>Balance at 1 January 2022</b>	22 556	282 158	(12)	(456)	596	2 042	(3 221)	21 449	325 112	3 267	328 379
<b>Comprehensive income</b>											
Net gain (loss) on cash flow hedge	-	-	-	-	-	(674)	-	-	(674)	-	(674)
Currency translation difference	-	-	-	-	-	-	2 249	-	2 249	31	2 280
Profit (loss) for the period	-	-	-	-	-	-	-	(13 783)	(13 783)	816	(12 967)
<b>Total comprehensive income</b>	-	-	-	-	-	(674)	2 249	(13 783)	(12 208)	847	(11 361)
<b>Transactions with owners</b>											
Purchase of interest in subsidiary	-	-	-	-	-	-	-	(38)	(38)	38	-
Share based payments (other reserves)	-	-	-	-	66	-	-	-	66	-	66
<b>Total transactions with owners</b>	-	-	-	-	66	-	-	(38)	28	38	66
<b>Balance at 31 March 2022</b>	22 556	282 158	(12)	(456)	662	1368	(972)	7 628	312 932	4 152	317 084

  
Managing Director  
Jonas Janukėnas

  
Chief Financial Officer  
Robertas Čipkus



CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS


	Notes	January – March	
		2022	2021
<b>Operating activities</b>			
Profit (loss) for the period		(12 967)	1 754
Income tax	7	3 154	4 202
<i>Adjustments for:</i>			
Depreciation and amortisation	3, 10	21 680	18 040
Impairment-related expenses	3	15 417	868
Interest expenses	6	10 146	8 209
Currency translation differences		659	6 477
Discounting effect on financial assets	6	769	(287)
Fair value (gains) losses		5 983	(1 958)
Net result of subsidiaries disposal		(3 015)	-
Changes in other reserves		66	66
(Gain) / loss of PPE disposals, write-offs and leaseback agreements		(15 095)	445
(Gain) / loss from bonds repurchase		(38)	(49)
(Gain) / loss on termination/modification of lease agreements		116	(6 743)
(Gain) / loss of subsidiaries disposal		47	-
Amortisation of government grants		(53)	(59)
Interest income		(451)	(395)
Share of (profit) loss of associates		(23)	(22)
<i>Changes in working capital:</i>			
- Inventories		12 040	(5 624)
- Trade and other receivables		(8 776)	(32 739)
- Trade and other payables, advances received/contract liabilities		21 257	25 919
- Accrued expenses for certain contracts		(141)	(33)
- Security deposits placed		(5 156)	360
- Security deposits received		4 128	41
<b>Cash generated from (used in) operations</b>		<b>49 747</b>	<b>18 472</b>
Interest paid		(3 275)	5
Interest received		95	(2 072)
Income tax paid		(3 411)	(4 986)
<b>Net cash generated from (used in) operating activities</b>		<b>43 156</b>	<b>11 419</b>

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)**

	Notes	January – March	
		2022	2021
<b>Investing activities</b>			
Purchase of PPE and intangible assets		(21 649)	(26 252)
Proceeds from PPE and intangible assets		1 976	50
Purchase of other investment		(305)	-
Disposal of other investment		269	
Loans granted		(729)	(2 131)
Repayments of loans granted		1 785	8
Bank deposits placed		(26)	(374)
Repayments of bank deposits placed		90 073	913
Purchase of subsidiaries (net of cash acquired)		-	(3 605)
Sales of subsidiaries (net of cash disposed)		(42)	-
<b>Net cash generated from (used in) investing activities</b>		<b>71 352</b>	<b>(31 391)</b>
<b>Financing activities</b>			
Dividends paid		-	(293)
Bank borrowings received		5 426	714
Repayments of bank borrowings		(650)	(584)
Other borrowings received		-	449
Repayments of other borrowings		(4 430)	(109)
Repurchase of bonds		(853)	(500)
Repayment of lease liabilities		(11 958)	(6 749)
<b>Net cash generated from (used in) financing activities</b>		<b>(12 465)</b>	<b>(7 072)</b>
<b>Increase (decrease) in cash and cash equivalents</b>		<b>102 043</b>	<b>(27 044)</b>
At beginning of period	13	215 865	177 852
<b>At end of period</b>	13	<b>317 908</b>	<b>150 808</b>



Managing Director  
Jonas Janukėnas



Chief Financial Officer  
Robertas Čipkus

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 1 Accounting policies

The consolidated interim financial information for the three-month period ended 31 March 2022 (hereinafter *The Consolidated Financial Information*) is prepared in accordance with the International Financial Accounting Standards, adopted by European Union, includes IAS 34 „Interim financial reporting“. In all material respects, the same accounting principles have been followed as in the preparation of consolidated financial statements for the year ended 31 December 2021. The consolidated financial statements of the Group as at year ended 31 December 2021 are available at <https://aviasg.com/>.

The consolidated financial information is presented in thousands of euro, unless indicated otherwise. The consolidated financial information is prepared under the historical cost convention.

The consolidated interim financial information for the three-month period ended 31 March 2022 is not audited. Financial statements for the year ended 31 December 2021 were audited by the independent auditor *PricewaterhouseCoopers*.

### 2 Investments in subsidiaries and associates

The consolidated group (hereinafter *the Group*) consists of the Company, its subsidiaries and associates. The subsidiaries and associates are disclosed in the annual consolidated financial statements of the Group for the year ended 31 December 2021, Note 1 (pg. 15-28). Changes in Group structure during the three-month period ending 31 March 2022 are disclosed in Note 16 of these interim financial statements.

The number of full-time staff employed by the Group on 31 March 2022 amounted to 5 082 (31 December 2021: 4 707; 31 March 2021: 3 908).

### 3 Revenue

For management purposes, the Group is organized into business units based on the services provided, and has four reportable operating segments:

- (1) Aviation Supporting Services;
- (2) Aviation Logistics and Distribution Services;
- (3) Aircraft Trading and Portfolio Management;
- (4) Unallocated (holding, financing and other activities not related to aviation).

The unallocated sales include sales of management services, financing and other activities not related to aviation, which cannot be attributed to the other segments. The management assesses the performance of the Group based on Operating Profit.

Transfer pricing between business segments are set on an arm's length basis in a manner similar to transactions with third parties. Segment revenue, cost and operating expenses, other income, other gain/loss and segment operating profit include transfers between business segments. Those transfers are eliminated on consolidation.

The following tables present sales to external customers, cost and operating expenses, other income, other gain/loss and operating profit information according to the Group's business segments for the three-month period ended 31 March 2022 and for the three-month period ended 31 March 2021:

	Aviation Support Services	Aviation Logistics and Distribution Services	Aircraft Trading and Portfolio Management	Unallocated	Inter- segment transactions	Total
<b>Three-month period ended 31 March 2022</b>						
Sales to external customers	108 948	194 579	1 085	12 517	-	317 129
<i>Timing of revenue recognition</i>						
<i>At a point in time</i>	88 108	194 579	904	12 298	-	295 889
<i>Over time</i>	20 840	-	181	219	-	21 240
Inter-segment sales	7 123	6 573	4 144	3 466	(21 306)	-
<b>Total revenue</b>	<b>116 071</b>	<b>201 152</b>	<b>5 229</b>	<b>15 983</b>	<b>(21 306)</b>	<b>317 129</b>
Other income	326	45	407	3 686	(3 718)	746
Cost of services and goods purchased	(55 444)	(164 114)	(1 157)	(6 460)	18 398	(208 777)
Employee related expenses	(48 918)	(13 962)	(394)	(2 794)		(66 068)
Depreciation and amortisation	(4 450)	(14 207)	(1 178)	(1 974)	129	(21 680)
Other operating expenses	(8 319)	(7 751)	(710)	(3 009)	2 453	(17 336)
Impairment losses of financial assets	(7 530)	(82)	(26)	(2 449)	776	(9 311)
Other impairment-related expenses	(798)	26	(19)	(5 868)	553	(6 106)
Other gain/(loss) – net	4 360	(142)	15 389	195	(70)	19 732
<b>Segment operating profit (loss)</b>	<b>(4 702)</b>	<b>965</b>	<b>17 541</b>	<b>(2 690)</b>	<b>(2 785)</b>	<b>8 329</b>
<b>As at 31 March 2022</b>						
Segment assets	326 190	504 389	274 732	436 716	-	1 542 027
Segment liabilities	213 111	366 615	41 371	603 846	-	1 224 943

3 Revenue (continued)

	Aviation Support Services	Aviation Logistics and Distribution Services	Trading and Portfolio Management	Unallocated	Inter- segment transactions	Total
<b>Three-month period ended 31 March 2021</b>						
Sales to external customers	54 734	102 881	161	4 368	-	162 144
<i>Timing of revenue recognition</i>						
<i>At a point in time</i>	25 415	102 881	12	4 211	-	132 519
<i>Over time</i>	29 319	-	149	157	-	29 625
Inter-segment sales	3 373	731	2 921	1 489	(8 514)	-
<b>Total revenue</b>	<b>58 107</b>	<b>103 612</b>	<b>3 082</b>	<b>5 857</b>	<b>(8 514)</b>	<b>162 144</b>
Other income	281	278	830	2 124	(2 624)	889
Cost of services and goods purchased	(25 534)	(72 648)	( 460)	(3 209)	6 793	(95 058)
Employee related expenses	(26 277)	(10 668)	( 250)	(1 801)	1	(38 995)
Depreciation and amortisation	(3 928)	(11 447)	(1 027)	(1 794)	156	(18 040)
Other operating expenses	(6 299)	(4 855)	( 606)	(1 017)	1 257	(11 520)
Impairment losses of financial assets	( 643)	( 86)	623	( 436)	306	( 236)
Other impairment-related expenses	( 308)	( 324)	-	-	-	( 632)
Other gain/(loss) – net	431	13 001	( 9)	50	-	13 473
<b>Segment operating profit (loss)</b>	<b>(4 170)</b>	<b>16 863</b>	<b>2 183</b>	<b>( 226)</b>	<b>(2 625)</b>	<b>12 025</b>
<b>As at 31 March 2021</b>						
Segment assets	244 579	296 164	197 681	245 801	-	984 225
Segment liabilities	149 808	237 607	37 366	273 042	-	697 823

Reportable Group's business segments are influenced by seasonal movements on both summer and winter periods. The highest growth comes in summer-season (June-September) from Aviation Logistics and Distribution Services segment, and in the winter-season (October-April) increase of sales is recorded in Aviation Support Services segment (aircraft maintenance, repair and overhaul (MRO) and crew training activity).

	January – March	
	2022	2021
<b>4 Cost of goods and services</b>		
Aircraft fuel expenses	69 930	25 979
Cost of purchased services	38 488	23 068
Rent of aircraft, training and other equipment	35 377	22 822
Cost of goods purchased	20 146	11 526
Aircraft repair and maintenance costs	16 720	3 676
Aircraft operations costs and flight related charges	11 111	2 935
Employee rent and other related personnel expenses	12 684	2 563
Rent and maintenance of premises	4 321	2 489
Costs of aircraft sold	-	-
	<b>208 777</b>	<b>95 058</b>
<b>5.1 Other operating expenses</b>		
Consultation expenses	3 428	3 370
Office administrative, communications and IT expenses	3 453	2 426
Insurance expenses	1 781	1 925
Transportation and related expenses	1 626	1 306
Business travel expenses	1 961	493
Marketing and sales expenses	1 008	533
VAT expenses	404	-
Other expenses	3 675	1 467
	<b>17 336</b>	<b>11 520</b>
<b>5.2 Impairment-related expenses</b>		
Impairment of trade receivables and other contract assets	9 311	236
Impairment of non-current assets	5 925	-
Impairment of inventories	163	292
Impairment of other assets	-	329
Impairment of prepayments	18	11
	<b>15 417</b>	<b>868</b>

	January – March	
	2022	2021
<b>6 Finance income and costs</b>		
Gain from fair value recognized in profit and loss	-	1 958
Interest income on cash and cash equivalents	18	26
Profit from bonds repurchase	38	-
Other finance income	38	-
Foreign exchange gain on financing activities	-	132
Unwinding of discounted financial assets placed	-	287
<b>Finance income</b>	<b>94</b>	<b>2 403</b>
Interest expenses on borrowings and lease liabilities	(10 146)	(8 209)
Foreign exchange loss on financing activities	(916)	-
Other finance costs	(445)	(285)
Unwinding of discounted financial assets received	(769)	-
Loss from fair value revaluation of convertible preferred shares	(5 936)	-
Loss from fair value recognized in profit and loss	(47)	-
<b>Finance costs</b>	<b>(18 259)</b>	<b>(8 494)</b>
<b>Finance costs – net</b>	<b>(18 165)</b>	<b>(6 091)</b>

**7 Income tax and deferred income tax**

The income tax expenses for the period comprise current and deferred tax as follows:

	January – March	
	2022	2021
Current income tax	(6 150)	(5 668)
Deferred income tax	2 996	1 466
<b>Total income tax expenses</b>	<b>(3 154)</b>	<b>(4 202)</b>

**8 Share capital and reserves**

On 31 March 2022 the share capital of the Company amounts to EUR 22 555 555 and consists of 77 777 777 ordinary registered shares with a nominal value of 0.29 Euro each (on 31 December 2021 – 77 777 777 ordinary registered shares). All shares are fully paid up.

As at 31 March 2022 the Group has 10 014 treasury shares (10 014 as at 31 December 2021) which are deducted from equity attributable to the Group's equity holders.

On 31 March 2022 and on 31 December 2021 the share premium of the Company amounted to EUR 282 158 thousand. During three months period ended 31 March 2022 there was no movement of share premium.

The merger reserve consists of the difference between the purchase consideration for the acquisition of remaining stake of the share capital of the Group companies and nominal value of the share capital acquired.

Fair value reserves comprise changes in fair value of cash flow hedge.

Other reserves are formed for option agreements which give the right for the Group employees to put back acquired shares of the Company during the period from 2019 to 2024.

## 9 Earnings per share

The Group chose not to present the earnings per share based on IAS 33, since the ordinary shares or potential ordinary shares are not traded in a public market and the Group is not in the process of filing its' financial statements with a securities commission or other regulatory body for the purpose of issuing ordinary shares in a public market.

## 10 Property, plant and equipment, intangible assets

	Property, plant and equipment	Intangible assets	Right of use assets	Investment property
<b>Opening net book amount as at 1 January 2021</b>	<b>187 286</b>	<b>102 777</b>	<b>165 645</b>	<b>10 132</b>
Acquisition of subsidiary (Note 16)	154	2 605	-	-
Additions	19 022	419	4 113	2 818
Disposals	(142)	-	-	-
Write-offs	(336)	-	-	-
Modifications / termination of the lease contracts	-	-	(3 205)	-
Disposal of subsidiary (Note 16)	-	-	-	-
Reclassification	1 159	244	(652)	-
Cumulative currency differences	4 394	2 263	4 280	542
Depreciation charge (Note 3)	(4 878)	(778)	(12 248)	(136)
<b>Closing net book amount as at 31 March 2021</b>	<b>206 659</b>	<b>107 530</b>	<b>157 933</b>	<b>13 356</b>
<b>Opening net book amount as at 1 January 2022</b>	<b>226 696</b>	<b>115 946</b>	<b>187 747</b>	<b>26 428</b>
Additions	16 473	801	55 477	3 915
Disposals	(2 208)	-	-	-
Write-offs	(21)	-	-	-
Modifications / termination of the lease contracts	-	-	(22)	-
Impairment charge	(5 904)	-	-	-
Disposal of subsidiary (Note 16)	(297)	-	(183)	-
Reclassification	3 883	-	82	(3 872)
Cumulative currency differences	1 381	337	2 218	912
Depreciation (amortisation) charge (Note 3)	(5 349)	(865)	(15 249)	(217)
<b>Closing net book amount as at 31 March 2022</b>	<b>234 654</b>	<b>116 219</b>	<b>230 070</b>	<b>27 166</b>



## 11 Investment in joint venture

On 25 October 2018, Avia Solutions Group PLC subsidiary Storm Aviation Ltd. together with partners established a joint venture company *BSTS & Storm Aviation Limited (Bangladesh)*. Registered capital is TK 50 000 000 (equivalent of EUR 525 thousand). The company is providing aircraft maintenance services in Bangladesh.

On 18 December 2018 Avia Solutions Group PLC subsidiary FL Technics Hong Kong Limited together with partners established a joint venture company *FL ARI Aircraft Maintenance & Engineering Company CO. LTD (China)*. The joint venture company is providing aircraft maintenance services in China.

On 2 October 2019 Avia Solutions Group PLC completed the acquisition of the share capital in AviaAM Leasing AB. AviaAM Leasing AB holds a 51% stake in joint venture *AviaAM Financial Leasing China Co. Ltd.*, established on 4 August 2016. Joint venture is engaged in the business of operating leasing and management of brand new narrow and wide body aircraft.

On 21 October 2019 Avia Solutions Group PLC together with partners established a joint venture company *BAA Training China Co., Ltd.* The joint venture company is planning to provide aircraft crew training services in China.

On 25 August 2021 Avia Solution Group PLC completed the indirect acquisition of the share capital in Chevron Aircraft Maintenance Limited. Chevron Aircraft Maintenance Limited holds a 50% stake in joint venture Certifying Staff. Com B.V., incorporated on 23 July 2009. Joint venture is a quality provider for Aircraft Line maintenance services and certifying staff recruitment services.

Financial data in thousand EUR for each joint venture is provided in the table below:

Joint Venture	Share of Equity	Control over Investee	Cost of investment		Share of Net Assets		Share of Profit/ Loss	
			31 March 2022	31 December 2021	31 March 2022	31 December 2021	January -March 2022	January -March 2021
BSTS & Storm Aviation Limited (Bangladesh)	49 %	No	109	107	83	80	3	(6)
FL ARI Aircraft Maintenance & Engineering Company CO. LTD (China)	40 %	No	3 423	3 355	(3 423)	(2 819)	-	(592)
AviaAM Financial Leasing China Co. Ltd	51 %	No	35 145	34 447	52 264	48 372	-	620
BAA Training China Co., Ltd	50 %	No	272	272	272	272	-	-
Certifying Staff. Com B.V.	50 %	No	25	25	45	25	20	-
BBN Hava Yolları ve Taşımacılık Anonim Şirketi	49%	No	-	-	-	-	-	-

12 Trade and other receivables	31 March 2022	31 December 2021
Trade receivables	182 927	175 571
Less: provision for impairment of trade receivables	(40 785)	(34 926)
<b>Trade receivables – net</b>	<b>142 142</b>	<b>140 645</b>
Prepayments	24 691	39 008
Less: provision for impairment of prepayments	(228)	(232)
<b>Prepayments – net</b>	<b>24 463</b>	<b>38 776</b>
Other receivables	12 812	13 847
Discounting of other receivables	(16)	(93)
Less: provision for impairment of other receivables	(6 563)	(6 081)
<b>Other receivables – net</b>	<b>6 233</b>	<b>7 673</b>
Trade receivables from related parties	916	849
Less: provision for impairment of trade receivables from related parties	(335)	(311)
<b>Trade receivables from related parties – net (Note 17)</b>	<b>581</b>	<b>538</b>
Loans granted to related parties	26 916	26 144
Less: provision for impairment of loans granted to related parties	(141)	(137)
<b>Loans granted to related parties – net (Note 17)</b>	<b>26 775</b>	<b>26 007</b>
Loans granted	32 481	30 890
Discounting of loans granted	(6)	(127)
Less: provision for impairment of loans granted	(27 770)	(24 433)
<b>Loans granted – net</b>	<b>4 705</b>	<b>6 330</b>
Receivables from investment in bonds - gross	10 022	9 792
Less: provision for impairment of investment in bonds	(10 022)	(9 792)
<b>Receivables from investment in bonds</b>	<b>-</b>	<b>-</b>
Other receivables from related parties	6 053	5 794
Discounting of other receivables from other related parties	(96)	(157)
Less: provision for impairment of other receivables from related parties	(34)	(32)
<b>Other receivables from related parties – net (Note 17)</b>	<b>5 923</b>	<b>5 605</b>
VAT receivables – net	9 490	8 872
Deferred charges	45 691	36 202
Security deposit – net	29 730	25 367
Deferred charges from other related parties (Note 17)	15	732
Security deposits placed to other related parties placed (Note 17)	9	9
Prepayments to other related parties (Note 17)	58	5
	<b>295 815</b>	<b>296 761</b>
Less non-current portion:	(53 375)	(49 725)
<b>Current portion:</b>	<b>242 440</b>	<b>247 036</b>

## 12 Trade and other receivables (continued)

Non-current portion of other receivables is disclosed below:

	31 March 2022	31 December 2021
Loans granted to related parties	25 165	24 916
Less: provision for impairment of loans granted to related parties	(132)	(131)
<b>Loans granted to related parties - net</b>	<b>25 033</b>	<b>24 785</b>
Loans granted - gross	27 746	24 292
Less: provision for impairment of loans granted	(23 214)	(19 869)
<b>Loans granted - net</b>	<b>4 532</b>	<b>4 423</b>
Prepayments - gross	195	243
Less: provision for impairment of prepayments	-	-
<b>Prepayments - net</b>	<b>195</b>	<b>243</b>
Security deposits - net	19 319	16 321
Other receivables	6 618	6 193
Less: provision for impairment of other receivables	(5 847)	(5 456)
<b>Other receivables - net</b>	<b>771</b>	<b>737</b>
Other receivables from related parties	3 543	3 233
Less: provision for impairment of other receivables from related parties	(18)	(17)
<b>Other receivables from related parties - net</b>	<b>3 525</b>	<b>3 216</b>
<b>Total</b>	<b>53 375</b>	<b>49 725</b>

Classification of trade and other receivables to non-financial and financial is disclosed below:

	31 March 2022	31 December 2021
<i>Financial trade and other receivables</i>		
Trade receivables	142 142	140 645
Trade receivables from related parties (Note 17)	581	538
Other receivables	5 995	7 475
Loans granted to related parties (Note 17)	26 775	26 007
Other receivables from related parties (Note 17)	5 923	5 605
Loans granted	4 705	6 330
<i>Non-financial trade and other receivables</i>		
Prepayments	24 463	38 776
Other non-financial receivables	238	198
VAT receivables	9 490	8 872
Deferred charges	45 691	36 202
Security deposits	29 730	25 367
Deferred charges to other related parties (Note 17)	15	732
Security deposit with lessor from related parties (Note 17)	9	9
Prepayments to other related parties (Note 17)	58	5
<b>Total:</b>	<b>295 815</b>	<b>296 761</b>

The revenue recognised in the three months ended 31 March 2022 related to the contract liabilities as at the beginning of the period is EUR 33 307 thousand (in the same period 2021: EUR 9 239 thousand). Revenue from performance obligations satisfied as at the beginning of the period is EUR 25 536 thousand (in the same period 2021: EUR 21 543 thousand).

13 Cash and cash equivalents	31 March 2022	31 December 2021	31 March 2021
Cash and cash equivalents	319 405	216 664	150 808
Bank overdraft	(1 497)	(799)	-
<b>Total</b>	<b>317 908</b>	<b>215 865</b>	<b>150 808</b>

14 Inventories	31 March 2022	31 December 2021
Spare parts and materials – gross amount	43 814	42 020
Less: provision for impairment of inventories	(9 135)	(8 831)
<b>Spare parts and materials</b>	<b>34 679</b>	<b>33 189</b>
Goods for sales – gross amount	7 325	6 397
Less: provision for impairment of inventories	(449)	(634)
<b>Goods for sale</b>	<b>6 876</b>	<b>5 763</b>
Aircraft - gross amount	28 382	31 279
Less: provision for impairment of aircraft	(615)	(1 885)
<b>Aircraft</b>	<b>27 766</b>	<b>29 394</b>
Aircraft components	133	131
Aircraft fuel	2 973	1 330
Work in progress	640	592
Goods in transit	59	468
Other inventories	3 394	2 684
	<b>76 520</b>	<b>73 551</b>

15 Trade and other payables	31 March 2022	31 December 2021
Trade payables	95 522	86 135
Accrued expenses	63 684	63 399
Salaries and social security payable	58 414	47 995
Provisions	15 404	10 619
Employee benefit obligations	351	299
Amounts payable to related parties (Note 17)	512	596
Dividends payable	6	6
VAT payable	13 413	7 742
Pension reserve accrual	295	287
Other payables to related parties (Note 17)	-	1
Other payables	23 094	18 824
	<b>270 695</b>	<b>235 903</b>
Less: non-current portion	(18 196)	(18 537)
<b>Current portion</b>	<b>252 499</b>	<b>217 366</b>

On 3 December 2019 Avia Solutions Group PLC completed bonds issue process and issued USD 300 000 thousand of senior unsecured notes which included 7,875% USD interest. The notes were issued in the Euronext Dublin.

The Company or its subsidiaries may, at any time and from time to time, seek to retire or purchase outstanding debt (including bonds) through cash purchases, in open-market purchases, privately negotiated transactions or otherwise. Such repurchases, if any, will be upon such terms and at such prices as we may determine, and will depend on prevailing market conditions, our liquidity requirements, contractual restrictions and other factors.

## 16 Business combination and disposals

### *Establishments, acquisitions and disposals in 2022*

During January 2022, the Group established new subsidiary *CF Couriers LLC*.

During February 2022, the Group established new subsidiary *BAA Training France*.

During 2022 March indirect subsidiary of Avia Solutions Group PLC has disposed its' investment in *Chapman Freeborn RU LLC*.

During 2022 March indirect subsidiary of Avia Solutions Group PLC has disposed its' investment in *Baltic Ground Services RU OOO*.

## 17 Related party transactions

Related parties of the Group include entities having significant influence over the Group, parent, key management personnel of the Group and other related parties which are controlled by the ultimate beneficial owner or close members of that person's family. Entities having significant influence over the Group are VERTAS AIRCRAFT LEASING LIMITED and Vertas Management AB. Parent entity - PROCYONE FZE. Transactions with these companies are presented separately. Related parties include subsidiaries of the entities having significant influence over the Group. They are presented as other related parties.

The following transactions were carried out with related parties:

	January – March	
	2022	2021
<b>Sales of services to:</b>		
Entities having significant influence	3	3
Other related parties	27	20
	<b>30</b>	<b>23</b>
<b>Sales of assets to:</b>		
Entities having significant influence	-	-
Other related parties	-	-
	<b>-</b>	<b>-</b>
<b>Other income</b>	<b>262</b>	<b>243</b>
<b>Total sales of assets, services and other income</b>	<b>292</b>	<b>266</b>

	January – March	
	2022	2021
<b>Purchases of assets from:</b>		
Other related parties	225	101
Other gains	-	-
	<b>225</b>	<b>101</b>
<b>Purchases of services from:</b>		
Parent	696	-
Entities having significant influence	-	-
Other related parties	637	723
	<b>1 333</b>	<b>723</b>
<b>Finance costs</b>	<b>-</b>	<b>(96)</b>
<b>Total purchases of assets, services and finance costs</b>	<b>1 558</b>	<b>728</b>

17 Related party transactions (continued)

	31 March 2022	31 December 2021
<b>Trade receivables from related parties:</b>		
Trade receivables from entities having significant influence	81	66
Trade receivables from other related parties	835	783
Impairment of trade receivables from other related parties	(335)	(311)
<b>Trade receivables from related parties – net (Note 12)</b>	<b>581</b>	<b>538</b>
Loans granted to other related parties	6 280	6 190
Loans granted to the Parent	10 250	9 583
Loans granted to entities having significant influence	10 386	10 371
Impairment of loans granted to other related parties	(141)	(137)
<b>Loans granted to other related parties – net (Note 12)</b>	<b>26 775</b>	<b>26 007</b>
<b>Security deposit with lessor to related parties (Note 12)</b>	<b>9</b>	<b>9</b>
Other receivables from the Parent	2 475	2 436
Other receivables from entities having significant influence	1 862	1 720
Other receivables from other related parties	1 718	1 636
Discounting of other receivables from other related parties	(98)	(155)
Impairment of other receivables from other related parties	(34)	(32)
<b>Other receivables from related parties – net (Note 12)</b>	<b>5 923</b>	<b>5 605</b>
Prepayments to related parties (Note 12)	58	5
Contract asset from other related parties	9	1
Deferred charges (Note 12)	15	732
	<b>33 370</b>	<b>32 897</b>
	<b>31 March 2022</b>	<b>31 December 2021</b>
<b>Payables and advances received from related parties</b>		
Amounts payable to other related parties (Note 15)	473	557
Amounts payable to the Parent (Note 15)	39	39
Borrowings from other entities having significant influence	-	-
Lease liabilities from other related parties	9 906	10 389
Advances received from other related parties	7 208	7 064
Other accrued expenses from other related parties	-	-
Other financial payables to entities having significant influence (Note 15)	-	-
Other financial payables to other related parties (Note 15)	-	1
Other financial payables to the Parent (Note 15)	-	-
	<b>17 626</b>	<b>18 050</b>

## 18 Derivatives

### Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the group has classified its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows underneath the table.

The following table presents the group's financial assets and financial liabilities measured and recognised at fair value at 31 March 2022 and 31 December 2021:

Recurring fair value measurements at 31 March 2022	Level 1	Level 2
<b>Financial assets</b>		
Financial assets at fair value through profit or loss (FVPL)	3 275	-
Hedging derivatives - foreign currency interest rate swap	-	4 995
<b>Total financial assets</b>	<b>3 275</b>	<b>4 995</b>
<b>Financial liabilities</b>		
Hedging derivatives - foreign currency interest rate swap	-	5 003
<b>Total financial liabilities</b>	<b>-</b>	<b>5 003</b>
<b>Recurring fair value measurements at 31 December 2021</b>	<b>Level 1</b>	<b>Level 2</b>
<b>Financial assets</b>		
Financial assets at fair value through profit or loss (FVPL)	3 237	-
Hedging derivatives - foreign currency interest rate swap	-	4 667
<b>Total financial assets</b>	<b>3 237</b>	<b>4 667</b>
<b>Financial liabilities</b>		
Hedging derivatives - foreign currency interest rate swap	-	5 865
<b>Total financial liabilities</b>	<b>-</b>	<b>5 865</b>

There were no transfers between levels 1, 2 and 3 for recurring fair value measurements during the year.

**Level 1:** The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in level 1.

**Level 2:** The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

**Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

Specific valuation techniques used to value financial instruments include:

- for foreign currency interest rate swaps – the present value of the estimated future cash flows based on observable yield curves. Additionally, the instruments' value is agreed upon with bank;
- for foreign currency forwards – the present value of future cash flows based on the forward exchange rates at the balance sheet date;
- for foreign currency options – option pricing models (Black-Scholes, Vanna-Volga models).

All of the resulting fair value estimates are included in level 2.



## 19 Convertible preferred shares

On 15 December 2021 the Group issued non-voting convertible preferred shares amounting to EUR 300 million to investor Certares Compass LLC. The key terms of the convertible preferred shares are:

- **Dividend rights.** Preferred shares are with a fixed dividend of 8% per annum, payable in kind (i.e. not payable in cash). After the fourth year, the dividend rate will increase by 1% per year;
- **Conversion feature and liquidation preferences.** Upon a qualified liquidity event, the convertible preferred shares are mandatory converted into variable number of ordinary shares; The variable number of shares depends on the outcome of share price at liquidity event date.
- **Redemption option.** The group may redeem the preferred shares (including accrued dividends) after 1 year based on trailing 12 months EBITDA, however the preferred shares investor at their sole discretion would be able to convert into 20% of Groups common equity.

Based on IFRS accounting requirements they are classified as a financial liability, since the preferred shares do not pass the "fixed-for-fixed" test (i.e. instrument to be settled by the issuer delivering a fixed number of its own equity instruments in exchange for a fixed amount of cash) and therefore do not meet the definition of equity instrument. The preferred shares are a senior security to all existing common equity of the Company but junior to the Group existing debt and senior bonds.

The preferred shares include embedded conversion options and the Group irrevocably designated the entire instrument to be measured at fair value through profit or loss. In general, the fair value measurement is within level 3 of the fair value hierarchy due to unobservable inputs.

The movement of the convertible preferred shares is set out as below:

	2022	2021
<b>Opening balance as at 1 January</b>	<b>300 920</b>	-
Issuance of convertible preferred shares	-	-
Change in fair value recognised in profit (loss)	5 936	-
Change in fair value recognised in OCI (own credit risk)	-	-
<b>Closing balance as at 31 March</b>	<b>306 856</b>	-

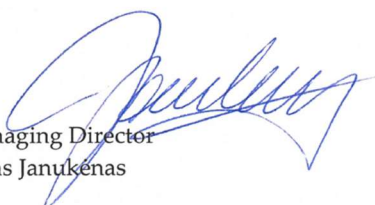
## 20 Events after the reporting date

During 2022 April the Group has disposed 100% shares of the subsidiary *FL Technics Line OOO*.

During 2022 April the Group has liquidated shares of *France Patrimoine, SCI*.

During 2022 May the Group has disposed 49% of the joint venture shares in *BBN Hava Yolları ve Taşımacılık Anonim Şirketi*.

There were no material post balance sheet events that could have a material effect on the Group's interim financial information for the three-month period ended 31 March 2022.



Managing Director  
Jonas Janukenas



Chief Financial Officer  
Robertas Čipkus