

18 October 2022

AVIA SOLUTIONS GROUP PLC

117 Arch. Makariou Ave.

5th Floor, Office 505

3021 Limassol, Cyprus

Reg. No. HE 380586

DIRECTORS' REPORT

The board of directors of the company AVIA SOLUTIONS GROUP PLC (the "**Directors**"), with its registered office in Arch. Makariou III, 117, 5th Floor, Flat/Office 505, 3021 Limassol, Cyprus, with Registration No. HE 380586 (hereinafter referred to as the "**Dissolving Company**"), states that this statement of the board of directors of the Dissolving Company is made according to sections 201I – 201X of Cyprus Companies Law, Cap. 113 and the Directive (EU) 2017/1132 of the European Parliament and of the Council of 14 June 2017 hereinafter referred to as the "**Directive**"), in regards to the planned cross-border merger with the company under the name AVIA SOLUTIONS GROUP (ASG) PLC incorporated under the laws of Ireland, having its registered office at Dentons Ireland Legal Services Limited, Joshua Dawson House, 19B Dawson Street, Dublin 2, Ireland, D02 RY95 with Reg. No. 727348, (hereinafter referred to as the "**Acquiring Company**" and jointly with the Dissolving Company hereinafter referred to as the "**Merging Companies**") on the terms determined in the common draft terms of merger (the "**Common Draft Terms**") agreed on between the Merging Companies' management boards on 18 October 2022 (hereinafter referred to as the "**Merger**").

I. Legal basis of the Merger

The Merger will be conducted in accordance with the provisions of sections 201I – 201X of Cyprus Companies Law, Cap. 113 (the "**Cyprus Regulations**"), the European Communities (Cross-Border Mergers) Regulations 2008, as amended by the European Communities (Mergers and Divisions of Companies) (Amendment) Regulations 2011 (the "**Irish Regulations**") and, together with the Cyprus Regulations, the "**Regulations**") and the Directive, that is by transferring all assets of the Dissolving Company to the Acquiring Company.

II. Consequences of the merger for the Dissolving Company's shareholders

The consequences of the Merger will have effect from the date and time specified in the order made by the High Court of Ireland under regulation 14 of the Irish Regulations pursuant to which it approves completion of the Merger (the "**Effective Date**").

With effect from the Effective Date:

- (a) the Dissolving Company will be merged with and into the Acquiring Company, with the Dissolving Company as the surviving entity;
- (b) the Dissolving Company will be dissolved without going into liquidation as a result;
- (c) all of the assets and liabilities of the Dissolving Company shall be transferred to the Acquiring Company by operation of law; and
- (d) the Acquiring Company shall issue:
 - (i) ordinary shares in the capital of the Acquiring Company to the holders of ordinary shares in the capital of the Dissolving Company in the ratio of 1:1, so that said shareholders shall have the same stake in the Acquiring Company as they currently have in the Dissolving Company; and
 - (ii) convertible preferred shares in the capital of the Acquiring Company to the holders of convertible preferred shares in the capital of the Dissolving Company in the ratio of 1:1, so that said shareholders shall have the same stake in the Acquiring Company as they currently have in the Dissolving Company.

Insofar as permitted by Irish law, the rights attaching to the ordinary shares and convertible preferred shares in the capital of the Acquiring Company shall be the same as those attaching

to the ordinary shares and convertible preferred shares in the capital of the Dissolving Company.

The ordinary shares in the capital of the Acquiring Company which, immediately prior to the Effective Date, are held by the Dissolving Company and will, by operation of the Merger, be transferred to the Acquiring Company as at the Effective Date, shall be cancelled unless upon the Merger becoming effective in accordance with the capital reduction referred to at clause 5.2(e) of the Common Draft Terms.

The business of the Dissolving Company shall be continued by the Acquiring Company following the Merger and every contract, agreement or instrument to which the Dissolving Company is a party shall, notwithstanding anything to the contrary contained in that contract, agreement or instrument be construed and have effect as if:

- (a) the Acquiring Company had been a party thereto instead of the Dissolving Company;
and
- (b) any reference to the Dissolving Company were substituted by a reference to the Acquiring Company.

The shareholders in the Dissolving Company shall be entitled to all such rights as are afforded them pursuant to the Regulations.

Accordingly, the Directors do not anticipate the Merger having any negative consequences for the Dissolving Company's shareholders or their current activities.

III. Consequences of the Merger for the Dissolving Company's creditors

As a result of the Merger, persons or entities who were creditors of the Dissolving Company prior to the Merger will become creditors of the Acquiring Company.

Accordingly, with effect from the Merger, creditors of the Dissolving Company will be able to recover their claims from the Acquiring Company and the Merger will not otherwise affect their position in any way.

Prior to the approval of the Common Draft Terms by a shareholder special resolution of each of the Merging Companies, the Merging Companies shall cause a draft of this Director's Report and the Common Draft Terms to be published in accordance with the Regulations. Creditors of the Dissolving Company at the date of such publication shall be entitled to be heard in relation to the application to the High Court of Ireland pursuant to regulation 14 of the Irish Regulations.

On the application of any creditor of the Dissolving Company, the District Court in Limassol has the power to order the convening of a creditors' meeting and if so, the Common Draft Terms must then be approved by a majority in value of the creditors of the Dissolving Company.

The creditors and any minority shareholder of the Dissolving Company if any, are entitled to obtain full free information on the conditions of the execution of their rights under the following address: 117 Arch. Makariou Ave., 5th Floor, Office 505, 3021 Limassol, Cyprus.

In light of the above, and as the creditor position of the Dissolving Company will effectively be replicated at the Acquiring Company with effect from the Effective Date, the Directors do not anticipate the Merger having any negative consequences for the Dissolving Company's creditors.

IV. Consequences of the Merger for the Dissolving Company's employees

All of the employees of the Dissolving Company as at the Effective Date will, as a result of the Merger, become employees of the Acquiring Company, the Acquiring Company will take over all current employment contracts of the employees of the Dissolving Company (as well as all rights and obligations of the employer) and their terms of employment of such employees will otherwise remain unchanged; the Merger will not otherwise affect their position in any way.

Accordingly, the Directors do not anticipate the Merger having any negative consequences for the interests of the employees of the Dissolving Company.

The Dissolving Company does not have a system of employee participation in force in, nor is required by any applicable law to ensure any such participation (whether generally or in the context of the Merger).

V. Exchange ratio of the shares of the Dissolving Company to the ownership interests of the Acquiring Company

Taking into account the fact that the Acquiring Company, which continues its activities after the Merger, is a subsidiary of the Dissolving Company, i.e. the Dissolving Company is the parent company of the Acquiring Company and owns 100% (one hundred percent) of the shares of the Acquiring Company, therefore the shares of the Dissolving Company are converted into shares of the Acquiring Company in the ratio of 1:1. The shareholders of the Dissolving Company instead of the shares of the Dissolving Company in exchange will receive the shares of the Acquiring Company in the ratio of 1:1.

With effect from the Effective Date, the Acquiring Company shall issue ordinary shares in the capital of the Acquiring Company to the holders of ordinary shares in the capital of the Dissolving Company in the ratio of 1:1, so that said shareholders shall have the same stake in the Acquiring Company as they currently have in the Dissolving Company and convertible preferred shares in the capital of the Acquiring Company to the holders of convertible preferred shares in the capital of the Dissolving Company in the ratio of 1:1, so that said shareholders shall have the same stake in the Acquiring Company as they currently have in the Dissolving Company, as mentioned in clause II (d) above.

VI. Exchange ratio of other securities of the Dissolving Company to the securities of the Acquiring Company

In the course of the Merger there shall be no exchange of other securities of the Dissolving Company to the securities of the Acquiring Company.

VII. Legal and Economic grounds for the Merger

Legal

The Merging Companies have concluded that it is desirable that they give effect to the Merger to redomicile the Dissolving Company being the holding company of the Merging Companies' group (the "**Group**") into Ireland whilst also replicating the existing shareholding and capital structure of the Dissolving Company (the existing holding company of the Group) immediately prior to the Merger.

In particular, the Merging Companies wish to avail of certain provisions of Irish corporate governance law which they view as beneficial in connection with the ongoing business of the Group; including that the Acquiring Company: (a) can be governed by a one-tier board of directors, consisting of both executives and non-executive directors; (b) will not be subject to any requirements for directors to be Irish nationals; and (c) can prescribe a delegation of authorities between the board of directors and management, if required.

Economic

On the Effective Date, and as a consequence of the Merger:

- (a) the assets and liabilities of the Dissolving Company will be acquired by the Acquiring Company;
- (b) all legal proceedings pending by or against the Dissolving Company shall be continued with the substitution, for the Dissolving Company, of the Acquiring Company as a party;
- (c) the business of the Dissolving Company shall be continued by the Acquiring Company;

(d) every contract, agreement or instrument to which the Dissolving Company is a party shall have effect as if:

- (i) the Acquiring Company had been a party thereto instead of the Dissolving Company;
- (ii) any reference to the Dissolving Company were substituted by a reference to the Acquiring Company;
- (iii) any reference to the directors, officers, representatives or employees of the Dissolving Company were a reference to the directors, officers, representatives or employees of the Acquiring Company or to such director, officer, representative or employee of the Acquiring Company as the Acquiring Company nominates for that purpose or, in default of such nomination, were, respectively, a reference to the director, officer, representative or employee of the Acquiring Company who corresponds as nearly as may be to the first-mentioned director, officer, representative or employee;
- (iv) every contract, agreement or instrument to which the Dissolving Company is a party will become a contract, agreement or instrument between the Acquiring Company and the counterparty with the same rights, and subject to the same obligations, liabilities and incidents, as would have been applicable thereto if that contract, agreement or instrument had continued in force between the Dissolving Company and the counterparty;
- (v) any money due and owing by or to the Dissolving Company under or by virtue of any contract, agreement or instrument to which the Dissolving Company is a party shall become due and owing by or to the Acquiring Company instead of the Dissolving Company; and

- (vi) an offer or invitation to treat made to or by the Dissolving Company before the Effective Date shall be read and have effect, respectively, as an offer or invitation to treat made to or by the Acquiring Company.

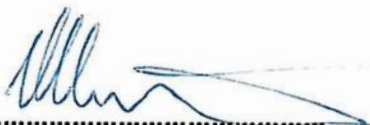
It is further anticipated that the main economic purpose of the Merger is to reinforce the position of the Group and its competitiveness in the current markets as well as to get established and become competitive in new markets for maximizing profit or returns for current and future investors.

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The Board of Directors of the Dissolving Company:



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THOMAS KLEIN




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VYGAUDAS USACKAS



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LINAS DOVYDENAS



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ZILVINAS LAPINSKAS



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GEDIMINAS ZIEMELIS



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JONAS JANUKENAS

