

AVIA SOLUTIONS GROUP PLC

Condensed Consolidated Interim Financial Information,
For the Six-Month Period Ended 30 June 2022 (Unaudited)

| | |
|------------------------------------|--|
| Beginning of the financial period | 1 January 2022 |
| End of reporting period | 30 June 2022 |
| Name of the company | Avia Solutions Group PLC (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 | info@aviasg.com |
| Internet address | www.aviasg.com |
| 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) |

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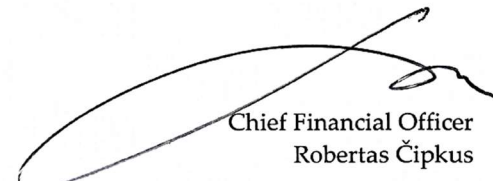
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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| | Note | January – June | |
|---|--------|-----------------|-----------------|
| | | 2022 | 2021 |
| Revenue | 3 | 780 635 | 368 571 |
| Other income | 3 | 2 881 | 2 758 |
| Cost of services and goods | 3, 4 | (516 010) | (222 982) |
| Employee related expenses | 3 | (142 623) | (82 325) |
| Depreciation and amortisation | 3, 10 | (48 190) | (35 100) |
| Other operating expenses | 3, 5.1 | (34 888) | (24 036) |
| Impairment losses of financial assets | 3, 5.2 | (9 675) | (1 799) |
| Other impairment-related expenses | 3, 5.2 | (4 190) | (1 256) |
| Other gain/(loss) – net | 3 | 27 516 | 24 294 |
| Operating profit (loss) | 3 | 55 456 | 28 125 |
| Finance income | 6 | 192 | 3 170 |
| Finance cost | 6 | (40 747) | (16 343) |
| Finance costs – net | 6 | (40 555) | (13 173) |
| Share of profit (losses) of associates | 11 | (7) | 18 |
| Profit (loss) before income tax | | 14 894 | 14 970 |
| Income tax | 7 | (9 809) | (383) |
| Profit (loss) for the period | | 5 085 | 14 587 |
| Profit (loss) attributable to: | | | |
| Equity holders of the parent | | 3 567 | 14 251 |
| Non-controlling interests | | 1 518 | 336 |
| | | 5 085 | 14 587 |
| Other comprehensive income | | | |
| Gain (loss) on cash flow hedges, net of income tax | | 285 | (22) |
| Exchange differences on translation of foreign operations | | 14 451 | 7 922 |
| Other comprehensive income (loss) for the period | | 14 736 | 7 900 |
| Total comprehensive income for the period attributable to: | | | |
| Equity holders of the parent | | 18 120 | 22 053 |
| Non-controlling interests | | 1 701 | 434 |
| | | 19 821 | 22 487 |


 Managing Director
 Jonas Janukėnas


 Chief Financial Officer
 Robertas Čipkus

CONDENSED CONSOLIDATED BALANCE SHEET

| | Notes | 30 June 2022 | 31 December 2021 |
|---|-------|------------------|------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 10 | 573 566 | 414 443 |
| Investments property | 10 | 28 210 | 26 428 |
| Intangible assets | 10 | 117 558 | 115 946 |
| Investments accounted for using the equity method | 11 | 56 224 | 51 602 |
| Deferred tax assets | | 17 458 | 16 728 |
| Financial assets at fair value through profit or loss | 18 | 2 967 | 2 924 |
| Non-current derivative financial instruments | 18 | 7 577 | 4 667 |
| Long-term bank deposits | | 895 | 2 297 |
| Non-current trade and other receivables | 12 | 59 674 | 49 725 |
| | | 864 129 | 684 760 |
| Current assets | | | |
| Inventories | 14 | 110 290 | 73 551 |
| Trade and other receivables | 12 | 269 332 | 247 036 |
| Financial assets at fair value through profit or loss | 18 | - | 313 |
| Contract assets | | 21 026 | 20 676 |
| Prepaid income tax | | 1 163 | 1 739 |
| Short-term bank deposit | | 88 510 | 225 083 |
| Cash and cash equivalents | 13 | 331 377 | 216 664 |
| | | 821 698 | 785 062 |
| Total assets | | 1 685 827 | 1 469 822 |

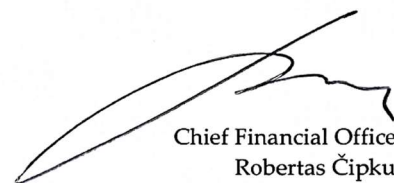
**CONDENSED CONSOLIDATED BALANCE SHEET
(CONTINUED)**

| | Notes | 30 June 2022 | 31 December 2021 |
|---|-------|------------------|------------------|
| EQUITY | | | |
| Equity attributable to the Group's equity shareholders | | | |
| Share capital | 8 | 22 556 | 22 556 |
| Share premium | | 282 158 | 282 158 |
| Other reserves | | 728 | 596 |
| Treasury shares | | (12) | (12) |
| Merger reserve | | (456) | (456) |
| Fair value reserve | | 2 327 | 2 042 |
| Cumulative translations differences | | 11 047 | (3 221) |
| Retained earnings | | (5 021) | 21 449 |
| Equity attributable to equity holders of the parent | | 313 327 | 325 112 |
| Non-controlling interests | | 4 707 | 3 267 |
| Total equity | | 318 034 | 328 379 |
| LIABILITIES | | | |
| Non-current liabilities | | | |
| Convertible preferred shares | 19 | 312 977 | 300 920 |
| Borrowings | | 302 952 | 281 613 |
| Lease liabilities | | 240 265 | 126 529 |
| Government grants | | 197 | 298 |
| Security deposits received | | 274 | 385 |
| Trade and other payables | 15 | 20 674 | 18 537 |
| Deferred income tax liabilities | | 10 105 | 9 329 |
| Derivative financial instruments | 18 | - | 5 865 |
| | | 887 444 | 743 476 |
| Current liabilities | | | |
| Trade and other payables | 15 | 267 528 | 217 366 |
| Borrowings | | 15 224 | 17 301 |
| Lease liabilities | | 80 701 | 54 226 |
| Contract liabilities | | 77 068 | 77 635 |
| Security deposits received | | 12 998 | 6 309 |
| Current income tax liabilities | | 26 830 | 25 130 |
| Derivative financial instruments | 18 | - | - |
| | | 480 349 | 397 967 |
| Total liabilities | | 1 367 793 | 1 141 443 |
| Total equity and liabilities | | 1 685 827 | 1 469 822 |

Managing Director
Jonas Janukėnas



Chief Financial Officer
Robertas Čipkus



AVIA SOLUTIONS GROUP PLC

 CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
 FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 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 |
| Balance at 1 January 2021 | 22 556 | 282 158 | (1 165) | (456) | 331 | 1 496 | (22 005) | (11 970) | 270 945 | 2 425 | 273 370 |
| Comprehensive income | | | | | | | | | | | |
| Net gain (loss) on cash flow hedge | - | - | - | - | - | (22) | - | - | (22) | - | (22) |
| Currency translation difference | - | - | - | - | - | - | 7 824 | - | 7 824 | 98 | 7 922 |
| Profit (loss) for the period | - | - | - | - | - | - | - | 14 251 | 14 251 | 336 | 14 587 |
| Total comprehensive income | - | - | - | - | - | (22) | 7 824 | 14 251 | 22 053 | 434 | 22 487 |
| Transactions with owners | | | | | | | | | | | |
| Dividends paid | - | - | - | - | - | - | - | - | - | (294) | (294) |
| Sale of treasury shares | - | - | 841 | - | - | - | - | - | 841 | - | 841 |
| Share based payments (other reserves) | - | - | - | - | 132 | - | - | - | 132 | - | 132 |
| Total transactions with owners | - | - | 841 | - | 132 | - | - | - | 973 | (294) | 679 |
| Balance at 30 June 2021 | 22 556 | 282 158 | (324) | (456) | 463 | 1 474 | (14 181) | 2 281 | 293 971 | 2 565 | 296 536 |

AVIA SOLUTIONS GROUP PLC

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 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 |
| Balance at 1 January 2022 | 22 556 | 282 158 | (12) | (456) | 596 | 2 042 | (3 221) | 21 449 | 325 112 | 3 267 | 328 379 |
| Comprehensive income | | | | | | | | | | | |
| Net gain (loss) on cash flow hedge | - | - | - | - | - | 285 | - | - | 285 | - | 285 |
| Currency translation difference | - | - | - | - | - | - | 14 268 | - | 14 268 | 183 | 14 451 |
| Profit (loss) for the period | - | - | - | - | - | - | - | 3 567 | 3 567 | 1 518 | 5 085 |
| Total comprehensive income | - | - | - | - | - | 285 | 14 268 | 3 567 | 18 120 | 1 701 | 19 821 |
| Transactions with owners | | | | | | | | | | | |
| Dividends paid | - | - | - | - | - | - | - | (30 000) | (30 000) | (298) | (30 298) |
| Purchase of interest in subsidiary | - | - | - | - | - | - | - | (37) | (37) | 37 | - |
| Share based payments (other reserves) | - | - | - | - | 132 | - | - | - | 132 | - | 132 |
| Total transactions with owners | - | - | - | - | 132 | - | - | (30 037) | (29 905) | (261) | (30 166) |
| Balance at 30 June 2022 | 22 556 | 282 158 | (12) | (456) | 728 | 2 327 | 11 047 | (5 021) | 313 327 | 4 707 | 318 034 |

Managing Director
Jonas Janukėnas

Chief Financial Officer
Robertas Čipkus

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

| | Notes | January – June | |
|---|-------|----------------|---------------|
| | | 2022 | 2021 |
| Operating activities | | | |
| Profit (loss) for the period | | 5 085 | 14 587 |
| Income tax | 7 | 9 809 | 383 |
| <i>Adjustments for:</i> | | | |
| Depreciation and amortisation | 3, 10 | 48 190 | 35 100 |
| Impairment-related expenses | 3 | 13 865 | 3 055 |
| Interest expenses | 6 | 21 566 | 15 584 |
| Currency translation differences | | 18 838 | 2 683 |
| Discounting effect on financial assets | 6 | 1 201 | (86) |
| Fair value (gains) losses | | 12 105 | (2 398) |
| Net result of subsidiaries disposal | | (2 981) | - |
| Changes in other reserves | | 132 | 132 |
| (Gain) / loss of PPE disposals, write-offs and leaseback agreements | | (15 081) | 629 |
| (Gain) / loss from bonds repurchase | | (134) | 49 |
| (Gain) / loss on termination/modification of lease agreements | | (864) | (10 120) |
| (Gain) / loss of subsidiaries disposal | | 48 | - |
| Amortisation of government grants | | (101) | (119) |
| Interest income | | (833) | (824) |
| Share of (profit) loss of associates | | 7 | (18) |
| <i>Changes in working capital:</i> | | | |
| - Inventories | | (16 077) | (15 328) |
| - Trade and other receivables | | (34 460) | (58 556) |
| - Trade and other payables, advances received/contract liabilities | | 40 293 | 47 609 |
| - Accrued expenses for certain contracts | | (450) | - |
| - Security deposits placed | | (9 934) | (1 677) |
| - Security deposits received | | 8 178 | 2 670 |
| Cash generated from (used in) operations | | 98 402 | 33 407 |
| Interest paid | | (17 589) | (13 415) |
| Interest received | | 13 | 837 |
| Income tax paid | | (10 238) | (6 925) |
| Net cash generated from (used in) operating activities | | 70 588 | 13 904 |

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

| | Notes | January – June | |
|---|-------|-----------------|-----------------|
| | | 2022 | 2021 |
| Investing activities | | | |
| Purchase of PPE and intangible assets | | (39 750) | (38 347) |
| Proceeds from PPE and intangible assets | | 2 024 | 397 |
| Purchase of other investment | | (313) | (831) |
| Disposal of other investment | | 276 | - |
| Loans granted | | (4 012) | (3 627) |
| Repayments of loans granted | | 2 433 | 8 |
| Bank deposits placed | | (1 450) | (913) |
| Repayments of bank deposits placed | | 139 585 | 25 978 |
| Purchase of subsidiaries (net of cash acquired) | | - | (3 605) |
| Sales of subsidiaries (net of cash disposed) | | (55) | - |
| Net cash generated from (used in) investing activities | | 98 738 | (20 940) |
| Financing activities | | | |
| Dividends paid | | (29 764) | (293) |
| Bank borrowings received | | 10 629 | 16 557 |
| Repayments of bank borrowings | | (1 073) | (1 380) |
| Other borrowings received | | - | 831 |
| Repayments of other borrowings | | (3 120) | (17) |
| Repurchase of bonds | | (10 704) | (500) |
| Repayment of lease liabilities | | (19 781) | (15 408) |
| Net cash generated from (used in) financing activities | | (53 813) | (210) |
| Increase (decrease) in cash and cash equivalents | | 115 512 | (7 246) |
| At beginning of period | 13 | 215 865 | 177 852 |
| At end of period | 13 | 331 377 | 170 606 |



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 six-month period ended 30 June 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 six-month period ended 30 June 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 six-month period ending 30 June 2022 are disclosed in Note 16 of these interim financial statements.

The number of full-time staff employed by the Group on 30 June 2022 amounted to 5 219 (31 December 2021: 4 707; 30 June 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 six-month period ended 30 June 2022 and for the six-month period ended 30 June 2021:

| | Aviation Support Services | Aviation Logistics and Distribution Services | Aircraft Trading and Portfolio Management | Unallocated | Inter- segment transactions | Total |
|--|---------------------------------|---|--|---------------|-----------------------------------|----------------|
| Six-month period ended 30 June 2022 | | | | | | |
| Sales to external customers | 240 977 | 501 208 | 16 536 | 21 914 | - | 780 635 |
| <i>Timing of revenue recognition</i> | | | | | | |
| <i>At a point in time</i> | 202 438 | 501 208 | 16 149 | 21 195 | - | 740 990 |
| <i>Over time</i> | 38 539 | - | 387 | 719 | - | 39 645 |
| Inter-segment sales | 23 325 | 7 787 | 5 882 | 5 442 | (42 436) | - |
| Total revenue | 264 302 | 508 995 | 22 418 | 27 356 | (42 436) | 780 635 |
| Other income | 437 | 2 020 | 776 | 8 032 | (8 384) | 2 881 |
| Cost of services and goods purchased | (130 562) | (402 141) | (7 788) | (12 878) | 37 359 | (516 010) |
| Employee related expenses | (104 795) | (31 471) | (788) | (5 569) | - | (142 623) |
| Depreciation and amortisation | (9 057) | (33 254) | (2 197) | (3 966) | 284 | (48 190) |
| Other operating expenses | (17 464) | (15 006) | (1 757) | (5 050) | 4 389 | (34 888) |
| Impairment losses of financial assets | (7 433) | (203) | 42 | (4 259) | 2 178 | (9 675) |
| Other impairment-related expenses | (419) | 28 | (19) | (3 780) | - | (4 190) |
| Other gain/(loss) – net | 5 326 | 5 983 | 16 606 | 510 | (909) | 27 516 |
| Segment operating profit (loss) | 335 | 34 951 | 27 293 | 396 | (7 519) | 55 456 |
| As at 30 June 2022 | | | | | | |
| Segment assets | 341 294 | 646 655 | 292 732 | 405 146 | - | 1 685 827 |
| Segment liabilities | 215 135 | 496 751 | 45 783 | 610 124 | - | 1 367 793 |

3 Revenue (continued)

| | Aviation Support Services | Aviation Logistics and Distribution Services | Trading and Portfolio Management | Unallocated | Inter- segment transactions | Total |
|--|---------------------------------|---|--|----------------|-----------------------------------|----------------|
| Six-month period ended 30 June 2021 | | | | | | |
| Sales to external customers | 125 449 | 231 400 | 285 | 11 437 | - | 368 571 |
| <i>Timing of revenue recognition</i> | | | | | | |
| <i>At a point in time</i> | 62 055 | 231 400 | 30 | 11 116 | - | 304 601 |
| <i>Over time</i> | 63 394 | - | 255 | 321 | - | 63 970 |
| Inter-segment sales | 9 065 | 744 | 5 215 | 2 876 | (17 900) | - |
| Total revenue | 134 514 | 232 144 | 5 500 | 14 313 | (17 900) | 368 571 |
| Other income | 1 055 | 1 017 | 1 283 | 4 461 | (5 058) | 2 758 |
| Cost of services and goods purchased | (61 471) | (166 807) | (1 270) | (8 549) | 15 115 | (222 982) |
| Employee related expenses | (56 014) | (22 119) | (511) | (3 688) | 7 | (82 325) |
| Depreciation and amortisation | (8 038) | (21 680) | (2 096) | (3 599) | 313 | (35 100) |
| Other operating expenses | (12 670) | (9 415) | (957) | (2 832) | 1 838 | (24 036) |
| Impairment losses of financial assets | (1 095) | (1 145) | 572 | (2 485) | 2 354 | (1 799) |
| Other impairment-related expenses | (1 280) | 24 | - | - | - | (1 256) |
| Other gain/(loss) – net | 2 455 | 22 412 | (603) | 39 | (9) | 24 294 |
| Segment operating profit (loss) | (2 544) | 34 431 | 1 918 | (2 340) | (3 340) | 28 125 |
| As at 30 June 2021 | | | | | | |
| Segment assets | 263 644 | 330 133 | 207 611 | 232 539 | - | 1 033 927 |
| Segment liabilities | 170 450 | 249 261 | 38 407 | 279 273 | - | 737 391 |

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 – June | |
|---|-----------------------|----------------|
| | 2022 | 2021 |
| 4 Cost of goods and services | | |
| Aircraft fuel expenses | 183 630 | 62 740 |
| Cost of purchased services | 71 658 | 50 584 |
| Rent of aircraft, training and other equipment | 87 152 | 44 755 |
| Cost of goods purchased | 41 043 | 32 922 |
| Aircraft repair and maintenance costs | 44 172 | 12 216 |
| Aircraft operations costs and flight related charges | 30 600 | 8 155 |
| Employee rent and other related personnel expenses | 37 818 | 7 366 |
| Rent and maintenance of premises | 14 005 | 4 154 |
| Costs of aircraft sold | 5 932 | 90 |
| | 516 010 | 222 982 |
| | | |
| | | |
| | | |
| 5.1 Other operating expenses | | |
| Consultation expenses | 6 653 | 7 247 |
| Office administrative, communications and IT expenses | 6 858 | 4 480 |
| Insurance expenses | 4 534 | 3 509 |
| Transportation and related expenses | 3 468 | 3 111 |
| Business travel expenses | 4 355 | 1 253 |
| Marketing and sales expenses | 2 916 | 1 168 |
| VAT expenses | 865 | 413 |
| Other expenses | 5 239 | 2 855 |
| | 34 888 | 24 036 |
| | | |
| | | |
| | | |
| 5.2 Impairment-related expenses | | |
| Impairment of trade receivables and other contract assets | 9 675 | 1 799 |
| Impairment of non-current assets | 3 707 | - |
| Impairment of inventories | 323 | 1 223 |
| Impairment of other assets | - | 19 |
| Impairment of prepayments | 160 | 14 |
| | 13 865 | 3 055 |

| | January – June | |
|--|-----------------|-----------------|
| | 2022 | 2021 |
| 6 Finance income and costs | | |
| Gain from fair value recognized in profit and loss | - | 2 665 |
| Interest income on cash and cash equivalents | 55 | 116 |
| Profit from bonds repurchase | 134 | - |
| Other finance income | 3 | 67 |
| Foreign exchange gain on financing activities | - | 236 |
| Unwinding of discounted financial assets placed | - | 86 |
| Finance income | 192 | 3 170 |
| Interest expenses on borrowings and lease liabilities | (21 565) | (15 584) |
| Foreign exchange loss on financing activities | (5 038) | - |
| Other finance costs | (838) | (492) |
| Unwinding of discounted financial assets received | (1 201) | - |
| Loss from fair value revaluation of convertible preferred shares | (12 057) | - |
| Loss from fair value recognized in profit and loss | (48) | (267) |
| Finance costs | (40 747) | (16 343) |
| Finance costs – net | (40 555) | (13 173) |

7 Income tax and deferred income tax

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

| | January – June | |
|----------------------------------|----------------|--------------|
| | 2022 | 2021 |
| Current income tax | (11 131) | (9 057) |
| Deferred income tax | 1 322 | 8 674 |
| Total income tax expenses | (9 809) | (383) |

8 Share capital and reserves

On 30 June 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 30 June 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 30 June 2022 and on 31 December 2021 the share premium of the Company amounted to EUR 282 158 thousand. During six months period ended 30 June 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 |
|---|----------------------------------|----------------------|------------------------|------------------------|
| Opening net book amount as at 1 January 2021 | 187 286 | 102 777 | 165 645 | 10 132 |
| Acquisition of subsidiary (Note 16) | 154 | 2 565 | - | - |
| Additions | 28 784 | 934 | 44 965 | 6 046 |
| Disposals | (552) | - | - | - |
| Write-offs | (460) | - | - | - |
| Modifications / termination of the lease contracts | - | - | (14 403) | - |
| Disposal of subsidiary (Note 16) | - | - | - | - |
| Reclassification | (3 837) | 613 | (20) | (5 832) |
| Cumulative currency differences | 2 923 | 1 948 | 3 256 | 438 |
| Depreciation charge (Note 3) | (9 759) | (1 584) | (23 473) | (284) |
| Closing net book amount as at 30 June 2021 | 204 539 | 107 253 | 175 970 | 10 500 |
| Opening net book amount as at 1 January 2022 | 226 696 | 115 946 | 187 747 | 26 428 |
| Additions | 29 604 | 1 587 | 163 161 | 9 790 |
| Disposals | (2 430) | - | - | (3 445) |
| Write-offs | (289) | (20) | - | - |
| Modifications / termination of the lease contracts | - | - | (4 539) | - |
| Impairment charge | (3 659) | (5) | (2) | - |
| Acquisition of subsidiary (Note 16) | - | - | - | 4 027 |
| Disposal of subsidiary (Note 16) | (298) | - | (183) | - |
| Reclassification | 6 905 | - | 158 | (12 407) |
| Cumulative currency differences | 5 868 | 1 777 | 10 834 | 4 273 |
| Depreciation (amortisation) charge (Note 3) | (10 797) | (1 727) | (35 210) | (456) |
| Closing net book amount as at 30 June 2022 | 251 600 | 117 558 | 321 966 | 28 210 |

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 | |
|---|-----------------|-----------------------|--------------------|------------------|---------------------|------------------|-----------------------|---------------------|
| | | | 30 June 2022 | 31 December 2021 | 30 June 2022 | 31 December 2021 | January - June 2022 | January - June 2021 |
| BSTS & Storm Aviation Limited (Bangladesh) | 49 % | No | 107 | 107 | 83 | 80 | 4 | (6) |
| FL ARI Aircraft Maintenance & Engineering Company CO. LTD (China) | 40 % | No | 3 658 | 3 355 | (3 658) | (2 819) | - | (592) |
| AviaAM Financial Leasing China Co. Ltd | 51 % | No | 37 561 | 34 447 | 55 856 | 48 372 | - | 620 |
| BAA Training China Co., Ltd | 50 % | No | 272 | 272 | 272 | 272 | - | - |
| Certifying Staff. Com B.V. | 50 % | No | 25 | 25 | 13 | 25 | (11) | - |
| BBN Hava Yolları ve Taşımacılık Anonim Şirketi | 49% | No | - | - | - | - | - | - |

| 12 Trade and other receivables | 30 June 2022 | 31 December 2021 |
|--|----------------|------------------|
| Trade receivables | 202 636 | 175 571 |
| Less: provision for impairment of trade receivables | (42 456) | (34 926) |
| Trade receivables – net | 160 180 | 140 645 |
| Prepayments | 37 316 | 39 008 |
| Less: provision for impairment of prepayments | (376) | (232) |
| Prepayments – net | 36 940 | 38 776 |
| Other receivables | 11 052 | 13 847 |
| Discounting of other receivables | (82) | (93) |
| Less: provision for impairment of other receivables | (7 021) | (6 081) |
| Other receivables – net | 3 949 | 7 673 |
| Trade receivables from related parties | 1 014 | 849 |
| Less: provision for impairment of trade receivables from related parties | (365) | (311) |
| Trade receivables from related parties – net (Note 17) | 649 | 538 |
| Loans granted to related parties | 27 030 | 26 144 |
| Less: provision for impairment of loans granted to related parties | (141) | (137) |
| Loans granted to related parties – net (Note 17) | 26 889 | 26 007 |
| Loans granted | 36 673 | 30 890 |
| Discounting of loans granted | (5) | (127) |
| Less: provision for impairment of loans granted | (28 709) | (24 433) |
| Loans granted – net | 7 959 | 6 330 |
| Receivables from investment in bonds - gross | 9 708 | 9 792 |
| Less: provision for impairment of investment in bonds | (9 708) | (9 792) |
| Receivables from investment in bonds | - | - |
| Other receivables from related parties | 6 462 | 5 794 |
| Discounting of other receivables from other related parties | (138) | (157) |
| Less: provision for impairment of other receivables from related parties | (35) | (32) |
| Other receivables from related parties – net (Note 17) | 6 289 | 5 605 |
| VAT receivables – net | 15 801 | 8 872 |
| Deferred charges | 36 000 | 36 202 |
| Security deposit – net | 34 274 | 25 367 |
| Deferred charges from other related parties (Note 17) | 44 | 732 |
| Security deposits placed to other related parties placed (Note 17) | 9 | 9 |
| Prepayments to other related parties (Note 17) | 23 | 5 |
| | 329 006 | 296 761 |
| Less non-current portion: | (59 674) | (49 725) |
| Current portion: | 269 332 | 247 036 |

12 Trade and other receivables (continued)

Non-current portion of other receivables is disclosed below:

| | 30 June 2022 | 31 December 2021 |
|--|---------------|------------------|
| Loans granted to related parties | 25 874 | 24 916 |
| Less: provision for impairment of loans granted to related parties | (136) | (131) |
| Loans granted to related parties - net | 25 738 | 24 785 |
| Loans granted - gross | 28 675 | 24 292 |
| Less: provision for impairment of loans granted | (24 130) | (19 869) |
| Loans granted - net | 4 545 | 4 423 |
| Prepayments - gross | 222 | 243 |
| Less: provision for impairment of prepayments | - | - |
| Prepayments - net | 222 | 243 |
| Security deposits - net | 24 457 | 16 321 |
| Other receivables | 7 310 | 6 193 |
| Less: provision for impairment of other receivables | (6 497) | (5 456) |
| Other receivables - net | 813 | 737 |
| Other receivables from related parties | 3 919 | 3 233 |
| Less: provision for impairment of other receivables from related parties | (20) | (17) |
| Other receivables from related parties - net | 3 899 | 3 216 |
| Total | 59 674 | 49 725 |

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

| | 30 June 2022 | 31 December 2021 |
|---|----------------|------------------|
| <i>Financial trade and other receivables</i> | | |
| Trade receivables | 160 180 | 140 645 |
| Trade receivables from related parties (Note 17) | 649 | 538 |
| Other receivables | 3 599 | 7 475 |
| Loans granted to related parties (Note 17) | 26 889 | 26 007 |
| Other receivables from related parties (Note 17) | 6 289 | 5 605 |
| Loans granted | 7 959 | 6 330 |
| <i>Non-financial trade and other receivables</i> | | |
| Prepayments | 36 940 | 38 776 |
| Other non-financial receivables | 350 | 198 |
| VAT receivables | 15 801 | 8 872 |
| Deferred charges | 36 000 | 36 202 |
| Security deposits | 34 274 | 25 367 |
| Deferred charges to other related parties (Note 17) | 44 | 732 |
| Security deposit with lessor from related parties (Note 17) | 9 | 9 |
| Prepayments to other related parties (Note 17) | 23 | 5 |
| Total: | 329 006 | 296 761 |

The revenue recognised in the six months ended 30 June 2022 related to the contract liabilities as at the beginning of the period is EUR 57 034 thousand (in the same period 2021: EUR 13 340 thousand). Revenue from performance obligations satisfied as at the beginning of the period is EUR 59 073 thousand (in the same period 2021 was not significant for the Group).

| 13 Cash and cash equivalents | 30 June 2022 | 31 December 2021 | 30 June 2021 |
|------------------------------|----------------|------------------|----------------|
| Cash and cash equivalents | 331 377 | 216 664 | 170 606 |
| Bank overdraft | - | (799) | - |
| Total | 331 377 | 215 865 | 170 606 |

| 14 Inventories | 30 June 2022 | 31 December 2021 |
|---|----------------|------------------|
| Spare parts and materials – gross amount | 52 914 | 42 020 |
| Less: provision for impairment of inventories | (8 984) | (8 831) |
| Spare parts and materials | 43 930 | 33 189 |
| Goods for sales – gross amount | 7 790 | 6 397 |
| Less: provision for impairment of inventories | (449) | (634) |
| Goods for sale | 7 341 | 5 763 |
| Aircraft - gross amount | 53 140 | 31 279 |
| Less: provision for impairment of aircraft | (658) | (1 885) |
| Aircraft | 52 483 | 29 394 |
| Aircraft components | 140 | 131 |
| Aircraft fuel | 3 039 | 1 330 |
| Work in progress | 673 | 592 |
| Goods in transit | - | 468 |
| Other inventories | 2 684 | 2 684 |
| | 110 290 | 73 551 |

| 15 Trade and other payables | 30 June 2022 | 31 December 2021 |
|--|----------------|------------------|
| Trade payables | 94 736 | 86 135 |
| Accrued expenses | 81 554 | 63 399 |
| Salaries and social security payable | 56 095 | 47 995 |
| Provisions | 19 424 | 10 619 |
| Employee benefit obligations | 727 | 299 |
| Amounts payable to related parties (Note 17) | 191 | 596 |
| Dividends payable | 543 | 6 |
| VAT payable | 16 469 | 7 742 |
| Pension reserve accrual | 313 | 287 |
| Other payables to related parties (Note 17) | 2 | 1 |
| Other payables | 18 148 | 18 824 |
| | 288 202 | 235 903 |
| Less: non-current portion | (20 674) | (18 537) |
| Current portion | 267 528 | 217 366 |

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*.

During 2022 April the Group has disposed 100% shares of the indirect 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*.

On 18 May 2022, the Group has established a new subsidiary *Aero city Group UAB*. Registered capital EUR 200 000 which was fully paid. The subsidiary is designated to structuralize the Group's real estate management.

During May 2022, *Aero city Group UAB* has established new subsidiaries *AV4 Aero UAB* and *BK14 Aero UAB*.

During June 2022, the Group established new subsidiary *FL Technics LLC UAE*.

During June 2022, *UAB Aero city Group UAB* established new subsidiaries: *DG32 Aero UAB*, *DG21 Aero UAB*, *DG25 Aero UAB*, *EI18 Aero UAB*, *EI75 Aero UAB*, *DG28 Aero UAB*, *DG30 Aero UAB*, *DG41A Aero UAB*, *Small Aero UAB*, *BK10 Aero UAB*, *BK20 Aero UAB*, *EI17A Aero UAB*, *Finance Aero UAB*, *Aero Invest 1 UAB*, *Aero Invest 2 UAB*. The subsidiaries are designated to structuralize the Group's real estate management.

On 23 June 2022, Avia Solutions Group PLC subsidiary *AviaAM Leasing AB* sold its 100% of shares in the subsidiary *Dikkys Investments Ltd*.

On 30 June 2022 *Aero city Group UAB* acquired 100% of the shareholding of *Nordic NT AB* based in Lithuania. The entity holds commercial real estate.

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 – June | |
|---|----------------|------------|
| | 2022 | 2021 |
| Sales of services to: | | |
| Entities having significant influence | 6 | 7 |
| Other related parties | 70 | 38 |
| | 76 | 45 |
| Sales of assets to: | | |
| Entities having significant influence | - | - |
| Other related parties | 15 | - |
| | 15 | - |
| Other income | 514 | 461 |
| Total sales of assets, services and other income | 605 | 506 |

| | January – June | |
|--|----------------|--------------|
| | 2022 | 2021 |
| Purchases of assets from: | | |
| Other related parties | 462 | 209 |
| Other gains | - | - |
| | 462 | 209 |
| Purchases of services from: | | |
| Parent | 715 | - |
| Entities having significant influence | - | - |
| Other related parties | 1 035 | 1 300 |
| | 1 750 | 1 300 |
| Finance costs | - | 193 |
| Total purchases of assets, services and finance costs | 2 212 | 1 702 |

17 Related party transactions (continued)

| | 30 June 2022 | 31 December 2021 |
|---|---------------------|-------------------------|
| Trade receivables from related parties: | | |
| Trade receivables from entities having significant influence | 82 | 66 |
| Trade receivables from other related parties | 931 | 783 |
| Impairment of trade receivables from other related parties | (364) | (311) |
| Trade receivables from related parties – net (Note 12) | 649 | 538 |
| Loans granted to other related parties | 6 619 | 6 190 |
| Loans granted to the Parent | 9 926 | 9 583 |
| Loans granted to entities having significant influence | 10 486 | 10 371 |
| Impairment of loans granted to other related parties | (142) | (137) |
| Loans granted to other related parties – net (Note 12) | 26 889 | 26 007 |
| Security deposit with lessor to related parties (Note 12) | 9 | 9 |
| Other receivables from the Parent | 2 523 | 2 436 |
| Other receivables from entities having significant influence | 2 022 | 1 720 |
| Other receivables from other related parties | 1 872 | 1 636 |
| Discounting of other receivables from other related parties | (92) | (155) |
| Impairment of other receivables from other related parties | (36) | (32) |
| Other receivables from related parties – net (Note 12) | 6 289 | 5 605 |
| Prepayments to related parties (Note 12) | 24 | 5 |
| Contract asset from other related parties | - | 1 |
| Deferred charges (Note 12) | 44 | 732 |
| | 33 904 | 32 897 |
| | 30 June 2022 | 31 December 2021 |
| Payables and advances received from related parties | | |
| Amounts payable to other related parties (Note 15) | 150 | 557 |
| Amounts payable to the Parent (Note 15) | 41 | 39 |
| Borrowings from other entities having significant influence | - | - |
| Lease liabilities from other related parties | 10 410 | 10 389 |
| Advances received from other related parties | 7 703 | 7 064 |
| Other accrued expenses from other related parties | - | - |
| Dividends payable to other related parties | 141 | - |
| Other financial payables to entities having significant influence (Note 15) | 2 | - |
| Other financial payables to other related parties (Note 15) | - | 1 |
| Other financial payables to the Parent (Note 15) | - | - |
| | 18 447 | 18 050 |

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 30 June 2022 and 31 December 2021:

| Recurring fair value measurements at 30 June 2022 | Level 1 | Level 2 |
|--|----------------|----------------|
| Financial assets | | |
| Financial assets at fair value through profit or loss (FVPL) | 2 967 | - |
| Hedging derivatives - foreign currency interest rate swap | - | 7 577 |
| Total financial assets | 2 967 | 7 577 |
| Financial liabilities | | |
| Hedging derivatives - foreign currency interest rate swap | - | - |
| Total financial liabilities | - | - |
| Recurring fair value measurements at 31 December 2021 | Level 1 | Level 2 |
| Financial assets | | |
| Financial assets at fair value through profit or loss (FVPL) | 3 237 | - |
| Hedging derivatives - foreign currency interest rate swap | - | 4 667 |
| Total financial assets | 3 237 | 4 667 |
| Financial liabilities | | |
| Hedging derivatives - foreign currency interest rate swap | - | 5 865 |
| Total financial liabilities | - | 5 865 |

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 |
|--|----------------|------|
| Opening balance as at 1 January | 300 920 | - |
| Issuance of convertible preferred shares | - | - |
| Change in fair value recognised in profit (loss) | 12 057 | - |
| Change in fair value recognised in OCI (own credit risk) | - | - |
| Closing balance as at 30 June | 312 977 | - |

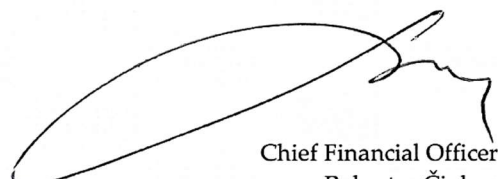
20 Events after the reporting date

During July, the Group has repurchased in the tender offer and cancelled its Notes in the amount of EUR 48 865 thousand (USD 49 837 thousand). The remaining outstanding aggregate principal amount of the Notes was EUR 204 855 thousand (USD 212 783 thousand) as the Group had cancelled EUR 36 529 thousand (USD 37 380 thousand) in aggregate principal amount of the Notes previously held by it.

There were no other material post balance sheet events that could have a material effect on the Group's interim financial information for the six-month period ended 30 June 2022.



Managing Director
Jonas Janukėnas



Chief Financial Officer
Robertas Čipkus