

**AVIA SOLUTIONS GROUP (ASG) PLC**

Condensed Consolidated Interim Financial Information,  
For the Nine-Month Period Ended 30 September 2023 (Unaudited)

Beginning of the financial period	1 January 2023
End of reporting period	30 September 2023
Name of the company	<b>Avia Solutions Group (ASG) PLC</b> (hereinafter “the Company”)
Date of registration	10 October 2022
Code of enterprise	727348
Name of Register of Legal Entities	Companies Registration Office
Registered office	Building 9, Vantage West, Central Park, Dublin 18, Ireland
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 the consolidated Group	Logistics and Distribution Services, Support Services
Board of Directors	Gediminas Ziemelis (appointed on 1 March 2023) Jonas Janukenas (appointed on 10 October 2023) Zilvinas Lapinskas (appointed on 1 March 2023) Linas Dovydenas (appointed on 1 March 2023) Thomas Klein (appointed on 1 March 2023) Pascal Jean Alexandre Picano (appointed on 1 March 2023)
Company Secretary	Dentons Ireland LLP (until 31 July 2023) 20 Kildare St., Dublin D02 T3V7, Dublin, Ireland  HMP SECRETARIAL LIMITED (since 31 July 2023) Riverside One Sir John Rogerson’s Quay, Dublin 2, D02 X576 Dublin, Ireland

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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	January – September	
		2023	2022
<b>Revenue</b>	3	<b>1 642 213</b>	<b>1 344 539</b>
Other income	3	4 762	4 346
Cost of services and goods	3, 4	(993 456)	(863 428)
Employee related expenses	3	(282 972)	(221 076)
Depreciation and amortisation	3, 10	(156 588)	(84 391)
Other operating expenses	3, 5.1	(66 202)	(58 404)
Decrease/(increase) in the provision for impairment of financial assets	3, 5.2	204	(8 934)
(Increase) in the provision for impairment of non-financial assets	3, 5.2	(2 008)	(4 662)
Other gains – net	3	14 823	42 042
<b>Operating profit</b>	3	<b>160 776</b>	<b>150 032</b>
Finance income	6	4 576	2 297
Finance costs	6	(85 137)	(76 592)
<b>Finance costs – net</b>	3, 6	<b>(80 561)</b>	<b>(74 295)</b>
Share of profit (loss) of equity-accounted investees, net of tax	3, 11	2 478	(13)
<b>Profit before income tax</b>		<b>82 693</b>	<b>75 724</b>
Income tax (expenses)	3, 7	(11 904)	(20 475)
<b>Profit for the period</b>		<b>70 789</b>	<b>55 249</b>
<b>Profit attributable to:</b>			
Equity holders of the parent		69 979	53 789
Non-controlling interests		810	1 460
		<b>70 789</b>	<b>55 249</b>
<b>Other comprehensive income</b>			
Gain on cash flow hedges, net of tax		754	922
Exchange differences on translation of foreign operations		2 915	40 523
<b>Other comprehensive income for the period</b>		<b>3 669</b>	<b>41 445</b>
<b>Total comprehensive income for the period attributable to:</b>			
Equity holders of the parent		73 650	94 269
Non-controlling interests		808	2 425
<b>Total comprehensive income</b>		<b>74 458</b>	<b>96 694</b>

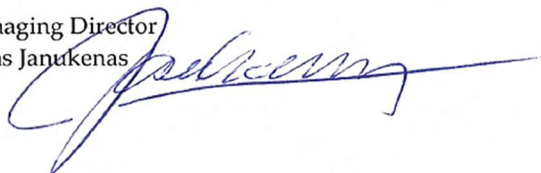
**CONDENSED CONSOLIDATED BALANCE SHEET**

	Notes	30 September 2023	31 December 2022
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	10	1 299 404	776 321
Investment property	10	41 398	41 640
Intangible assets	10	136 333	110 215
Investments accounted for using the equity method	11	358	349
Deferred tax assets		30 234	17 646
Financial assets at fair value through profit or loss	18	1 506	1 649
Non-current derivative financial instruments	18	6 568	5 513
Long-term bank deposits		866	859
Non-current trade and other receivables	12	111 652	81 120
		<b>1 628 319</b>	<b>1 035 312</b>
<b>Current assets</b>			
Inventories	14	133 908	89 855
Trade and other receivables	12	340 762	259 040
Financial assets at fair value through profit or loss	18	272	600
Contract assets		28 263	24 701
Prepaid income tax		4 242	4 410
Short-term bank deposits		170	1 504
Cash and cash equivalents	13	283 627	324 718
		<b>791 244</b>	<b>704 828</b>
<b>Non-current assets classified as held for sale</b>		<b>-</b>	<b>14 162</b>
<b>Total assets</b>		<b>2 419 563</b>	<b>1 754 302</b>

CONDENSED CONSOLIDATED BALANCE SHEET (CONTINUED)

	Notes	30 September 2023	31 December 2022
<b>EQUITY</b>			
<b>Equity attributable to the Group's equity shareholders</b>			
Share capital	8	22 556	22 556
Treasury shares		-	(1 644)
Fair value reserve		4 640	3 886
Cumulative translation differences		5 270	2 353
Retained earnings, share premium and other reserves		353 960	284 378
<b>Equity attributable to equity holders of the parent</b>		<b>386 426</b>	<b>311 529</b>
Non-controlling interests		3 588	4 088
<b>Total equity</b>		<b>390 014</b>	<b>315 617</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Convertible preferred shares	19	345 607	325 726
Lease liabilities		726 860	363 171
Borrowings		199 731	234 090
Government grants		326	106
Security deposits received		2 051	1 068
Trade and other payables	15	26 658	21 048
Deferred income tax liabilities		13 474	11 151
Derivative financial instruments	18	-	195
		<b>1 314 707</b>	<b>956 555</b>
<b>Current liabilities</b>			
Trade and other payables	15	331 729	258 053
Lease liabilities		192 188	106 285
Borrowings		26 412	14 307
Contract liabilities		116 265	57 327
Security deposits received		18 977	11 282
Current income tax liabilities		29 271	26 118
		<b>714 842</b>	<b>473 372</b>
<b>Total liabilities</b>		<b>2 029 549</b>	<b>1 429 927</b>
<b>Non-current liabilities classified as held for sale</b>		<b>-</b>	<b>8 758</b>
<b>Total equity and liabilities</b>		<b>2 419 563</b>	<b>1 754 302</b>

Managing Director  
Jonas Janukenas



Director  
Zilvinas Lapinskas



**AVIA SOLUTIONS GROUP (ASG) PLC**

 CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION  
 FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2023


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

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	Equity attributable to equity holders of the Group							
	Share capital	Treasury shares	Fair value reserve	Currency translation differences	Retained earnings, share premium and other reserves	Total	Non-control-ling interests	Total equity
<b>Balance at 1 January 2022</b>	22 556	(12)	2 042	(3 221)	303 747	325 112	3 267	328 379
<b>Comprehensive income</b>								
Net gain (loss) on cash flow hedge	-	-	922	-	-	922	-	922
Currency translation difference	-	-	-	39 558	-	39 558	965	40 523
Profit (loss) for the period	-	-	-	-	53 789	53 789	1 460	55 249
<b>Total comprehensive income</b>	-	-	922	39 558	53 789	94 269	2 425	96 694
<b>Transactions with owners</b>								
Dividends paid	-	-	-	-	(30 000)	(30 000)	(579)	(30 579)
Change of treasury shares	-	(1 615)	-	-	-	(1 615)	-	(1 615)
Purchase of interest in subsidiary	-	-	-	-	(38)	(38)	9 667	9 629
Share based payments (other reserves)	-	-	-	-	198	198	-	198
<b>Total transactions with owners</b>	-	(1 615)	-	-	(29 840)	(31 455)	9 088	(22 367)
<b>Balance at 30 September 2022</b>	22 556	(1 627)	2 964	36 337	327 696	387 926	14 780	402 706

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

	Equity attributable to equity holders of the Group							Total equity
	Share capital	Treasury shares	Fair value reserve	Currency translation differences	Retained earnings, share premium and other reserves*	Total	Non-controlling interests	
<b>Balance at 1 January 2023</b>	22 556	(1 644)	3 886	2 353	284 378	311 529	4 088	315 617
<b>Comprehensive income</b>								
Net gain on cash flow hedge	-	-	754	-	-	754	-	754
Currency translation difference	-	-	-	2 917	-	2 917	(2)	2 915
Profit for the period	-	-	-	-	69 979	69 979	810	70 789
<b>Total comprehensive income</b>	-	-	754	2 917	69 979	73 650	808	74 458
<b>Transactions with owners</b>								
Dividends paid	-	-	-	-	-	-	(1 308)	(1 308)
Disposal of treasury shares	-	1 644	-	-	(596)	1 048	-	1 048
Share based payments (other reserves)	-	-	-	-	199	199	-	199
<b>Total transactions with owners</b>	-	1 644	-	-	(397)	1 247	(1 308)	(61)
<b>Balance at 30 September 2023</b>	22 556	-	4 640	5 270	353 960	386 426	3 588	390 014

\*The Group is in progress of merger accounting completion (Note 8).



**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	Notes	January – September	
		2023	2022
<b>Operating activities</b>			
Profit for the period		70 789	55 249
Income tax	7	11 904	20 475
<i>Adjustments for:</i>			
Depreciation and amortisation	3, 10	156 588	84 391
Impairment-related expenses	3	1 804	13 596
Interest expenses	6	57 995	34 653
Currency translation differences		6 884	45 217
Discounting effect on financial assets	6	3 529	3 140
Fair value loss		19 807	18 465
Net result of subsidiaries disposal		(8 160)	(2 981)
Changes in other reserves		199	199
Loss / (gain) on property, plant and equipment disposals and write-offs		524	(29 006)
(Gain) / loss on bonds repurchase		(498)	(2 299)
(Gain) / loss on termination/modification of lease agreements		(1 387)	(772)
Amortisation of government grants		(107)	(146)
Interest income		(1 731)	(1 353)
Share of (profit) / loss of associates		(2 478)	13
<i>Changes in operating assets and liabilities:</i>			
- Inventories		(30 575)	(29 474)
- Trade and other receivables, contract assets		(86 786)	(66 946)
- Security deposits placed		(30 022)	(16 551)
- Accrued expenses for certain contracts		(150)	(465)
- Trade and other payables, advances received/contract liabilities		90 752	64 180
- Security deposits received		12 849	11 170
<b>Cash generated from (used in) operating activities</b>		<b>271 730</b>	<b>200 755</b>
Interest received		274	1 479
Interest paid		(48 231)	(26 351)
Income tax paid		(19 706)	(14 670)
<b>Net cash generated from (used in) operating activities</b>		<b>204 067</b>	<b>161 213</b>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

	Notes	January – September	
		2023	2022
<b>Investing activities</b>			
Purchase of property, plant and equipment and intangible assets		(129 157)	(60 481)
Proceeds from property, plant and equipment and intangible assets disposal		104	23 286
Purchase of other investment		(270)	-
Disposal of other investment		590	284
Payments for acquired financial assets		(1 820)	-
Loans granted		(4 036)	(14 116)
Repayments of loans granted		2 225	3 099
Repayments of bank deposits placed		1 313	73 912
Purchase of subsidiaries (net of cash acquired)		(10 270)	9 631
Sales of subsidiaries (net of cash disposed)		20 097	(55)
<b>Net cash (used in) from investing activities</b>		<b>(121 224)</b>	<b>35 560</b>
<b>Financing activities</b>			
Dividends paid		(1 308)	(30 293)
Bank borrowings received		1 981	11 082
Repayments of bank borrowings		(3 227)	(3 501)
Other borrowings received		1 030	43
Repayments of other borrowings		(9 105)	(1 940)
Repurchase of bonds		(19 811)	(55 592)
Repayments of lease liabilities		(93 383)	(39 157)
<b>Net cash (used in) financing activities</b>		<b>(123 823)</b>	<b>(119 358)</b>
<b>(Decrease) increase in cash and cash equivalents</b>		<b>(40 980)</b>	<b>77 415</b>
At beginning of period	13	324 607	215 865
<b>At end of period</b>	13	<b>283 627</b>	<b>293 280</b>

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**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**

**1 Accounting policies**

The consolidated interim financial information for the nine-month period ended 30 September 2023 (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 2022. The consolidated financial statements of the Group as at year ended 31 December 2022 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 nine-month period ended 30 September 2023 is not audited. Financial statements for the year ended 31 December 2022 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 2022, Note 1 (pg. 15-19). Changes in Group structure during the nine-month period ending 30 September 2023 are disclosed in Note 16 of these interim financial statements.

The number of full-time staff employed by the Group on 30 September 2023 amounted to 6 986 (31 December 2022: 5 476; 30 September 2023: 5 472).

### 3 Revenue

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

- (1) Logistics and Distribution Services;
- (2) Support Services;

The unallocated segment 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 nine-month period ended 30 September 2023 and for the nine-month period ended 30 September 2022:

Nine-month period ended 30 September 2023	Logistics and Distribution	Support Services	Unallocated	Inter- segment transactions	Total
<b>Continuing operations</b>					
Revenue from contracts with external customers	1 147 104	466 019	29 090	-	1 642 213
Timing of revenue recognition					
<i>At a point in time</i>	1 146 483	388 225	25 382	-	1 560 090
<i>Over time</i>	621	77 794	3 708	-	82 123
Intersegment sales	3 660	31 828	9 531	(45 019)	-
<b>Total revenue</b>	<b>1 150 764</b>	<b>497 847</b>	<b>38 621</b>	<b>(45 019)</b>	<b>1 642 213</b>
Other income	3 690	693	15 651	(15 272)	4 762
Cost of services and goods purchased	(767 563)	(237 731)	(22 294)	34 132	(993 456)
Employee related expenses	(84 186)	(185 269)	(14 221)	704	(282 972)
(Increase) / decrease in the provision for impairment of financial assets	564	(4 351)	(5 760)	9 751	204
(Increase) / decrease in the provision for impairment of non-financial assets	(1 132)	(982)	106	-	(2 008)
Other operating expenses	(39 019)	(27 778)	(6 730)	7 325	(66 202)
Depreciation and amortisation	(135 138)	(16 692)	(6 224)	1 466	(156 588)
Other gains / (losses) – net	31 385	(238)	(5 598)	(10 726)	14 823
<b>Segment operating profit (loss)</b>	<b>159 365</b>	<b>25 499</b>	<b>(6 449)</b>	<b>(17 639)</b>	<b>160 776</b>
Finance costs - net					(80 561)
Share of profit of equity-accounted investees					2 478
<b>Profit before income tax</b>					<b>82 693</b>
Income tax					(11 904)
<b>Net profit for the period</b>					<b>70 789</b>
<b>As at 30 September 2023:</b>					
Segment assets	1 682 787	490 752	246 024	-	2 419 563
Segment liabilities	1 206 625	260 367	562 557	-	2 029 549

**3 Revenue (continued)**

Nine-month period ended 30 September 2022	Logistics and Distribution	Support Services	Unallocated	Inter-segment transactions	Total
<b>Continuing operations</b>					
Revenue from contracts with external customers	924 473	394 469	25 597	-	1 344 539
Timing of revenue recognition					
<i>At a point in time</i>	923 921	328 972	24 151	-	1 277 044
<i>Over time</i>	552	65 497	1 446	-	67 495
Intersegment sales	3 915	34 503	6 474	(44 892)	-
<b>Total revenue</b>	<b>928 388</b>	<b>428 972</b>	<b>32 071</b>	<b>(44 892)</b>	<b>1 344 539</b>
Other income	3 481	693	12 975	(12 803)	4 346
Cost of services and goods purchased	(669 749)	(217 436)	(12 803)	36 560	(863 428)
Employee related expenses	(52 658)	(157 368)	(11 318)	268	(221 076)
(Increase) / decrease in the provision for impairment of financial assets	1 579	(8 924)	(4 423)	2 834	(8 934)
(Increase) / decrease in the provision for impairment of non-financial assets	(562)	(172)	(3 928)	-	(4 662)
Other operating expenses	(29 666)	(26 392)	(8 228)	5 882	(58 404)
Depreciation and amortisation	(64 238)	(15 009)	(5 587)	443	(84 391)
Other gains / (losses) – net	39 013	5 696	(160)	(2 507)	42 042
<b>Segment operating profit (loss)</b>	<b>155 588</b>	<b>10 060</b>	<b>(1 401)</b>	<b>(14 215)</b>	<b>150 032</b>
Finance costs - net					(74 295)
Share of loss of equity-accounted investees					(13)
<b>Profit before income tax</b>					<b>75 724</b>
Income tax					(20 475)
<b>Net profit for the period</b>					<b>55 249</b>
<b>As at 30 September 2022:</b>					
Segment assets	1 174 446	360 708	442 977	-	1 978 131
Segment liabilities	767 794	219 926	587 610	-	1 575 330



6	Finance income and costs	January – September	
		2023	2022
	Gain from bonds repurchase	499	2 106
	Interest income on cash and cash equivalents	3 508	166
	Gain from fair value recognized in profit and loss	93	-
	Other finance income	476	25
	<b>Finance income</b>	<b>4 576</b>	<b>2 297</b>
	Interest expenses on borrowings and lease liabilities	(57 995)	(34 653)
	Foreign exchange loss on financing activities	(3 348)	(19 210)
	Loss from fair value change of convertible preferred shares	(19 900)	(18 368)
	Unwinding of discounted financial assets received	(3 529)	(3 140)
	Loss from fair value recognized in profit and loss	-	(49)
	Other finance costs	(365)	(1 172)
	<b>Finance costs</b>	<b>(85 137)</b>	<b>(76 592)</b>
	<b>Finance costs – net</b>	<b>(80 561)</b>	<b>(74 295)</b>

7 **Income tax and deferred income tax**

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

	January – September	
	2023	2022
Current income tax	(23 937)	(23 596)
Deferred income tax	12 033	3 121
<b>Total income tax (expenses)</b>	<b>(11 904)</b>	<b>(20 475)</b>

8 **Share capital and reserves**

On 1 March 2023, the transferor company Avia Solutions Group PLC (incorporated in Cyprus) proceeded with a cross-border merger with successor company Avia Solutions Group (ASG) PLC (incorporated in Republic of Ireland). The merger was implemented by a way of a 'merger by acquisition', as a result the successor company acquired all assets and liabilities of the transferor company, and the transferor company was dissolved without going into liquidation.

On 30 September 2023 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 2022 – 77 777 777 ordinary registered shares). All shares are fully paid up.

As at 30 September 2023 the Group had no outstanding treasury shares (128 514 as at 31 December 2022) which are deducted from equity attributable to the Group's equity holders.

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

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 2022</b>	<b>226 696</b>	<b>113 584</b>	<b>187 747</b>	<b>31 030</b>
Acquisition of subsidiary	-	-	-	4 027
Additions	48 256	2 593	362 378	4 120
Disposals	(7 598)	-	-	-
Write-offs	(5 352)	-	-	-
Modification/termination of the lease contracts	-	-	(5 006)	-
Disposal of subsidiary	(298)	-	(183)	-
Impairment	(3 761)	-	-	-
Reclassification	(8 338)	-	191	(699)
Cumulative currency differences	14 762	2 824	23 582	1 128
Depreciation (amortisation) charge (Note 3)	(17 069)	(3 156)	(63 288)	(878)
<b>Closing net book amount as at 30 September 2022</b>	<b>247 298</b>	<b>115 845</b>	<b>505 421</b>	<b>38 728</b>

	Property, plant and equipment	Intangible assets	Right of use assets	Investment property
<b>Opening net book amount as at 1 January 2023</b>	<b>293 993</b>	<b>110 215</b>	<b>482 328</b>	<b>41 640</b>
Acquisition of subsidiary (Note 16)	1 909	23 935	57 869	1 547
Additions	113 053	6 367	504 780	2 029
Disposals	(398)	(13)	-	-
Write-offs	(217)	-	-	-
Modification/termination of the lease contracts	-	-	1 542	-
Reclassification	(21 032)	-	11 839	(3 504)
Cumulative currency differences	(432)	(372)	6 164	481
Depreciation (amortisation) charge (Note 3)	(19 714)	(3 799)	(132 280)	(795)
<b>Closing net book amount as at 30 September 2023</b>	<b>367 162</b>	<b>136 333</b>	<b>932 242</b>	<b>41 398</b>



**11 Investment in joint venture**

On 25 October 2018, Avia Solutions Group (ASG) 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 (ASG) 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 (ASG) 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 (ASG) 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 (ASG) 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 September 2023	31 December 2022	30 September 2023	31 December 2022	January - September 2023	January - September 2022
BSTS & Storm Aviation Limited (Bangladesh)	49 %	No	104	104	86	77	13	2
FL ARI Aircraft Maintenance & Engineering Company CO. LTD (China)*	40 %	No	-	3 563	-	-	2 465	(2 887)
AviaAM Financial Leasing China Co. Ltd	51 %	No	-	-	-	-	-	-
BAA Training China Co., Ltd	50 %	No	272	272	272	272	-	-
Certifying Staff. Com B.V.	50 %	No	-	25	-	-	-	(15)

\* Recovered part of loans granted which were classified as net investment into joint venture.

12 Trade and other receivables	30 September 2023	31 December 2022
Trade receivables	205 659	200 965
Less: provision for impairment of trade receivables	(45 359)	(45 536)
<b>Trade receivables – net</b>	<b>160 300</b>	<b>155 429</b>
Prepayments	59 103	40 862
Less: provision for impairment of prepayments	(556)	(532)
<b>Prepayments - net</b>	<b>58 547</b>	<b>40 330</b>
Other receivables	19 021	12 258
Discounting of other receivables	(44)	(54)
Less: provision for impairment of other receivables	(7 899)	(7 437)
<b>Other receivables – net</b>	<b>11 078</b>	<b>4 767</b>
Trade receivables from related parties	572	1 315
Less: provision for impairment of trade receivables from related parties	(4)	(398)
<b>Trade receivables from related parties - net (Note 17)</b>	<b>568</b>	<b>917</b>
Loans granted to related parties	27 456	26 877
Less: provision for impairment of loans granted to related parties	(233)	(240)
<b>Loans granted to related parties – net (Note 17)</b>	<b>27 223</b>	<b>26 637</b>
Loans granted	38 849	35 359
Discounting of loans granted	(97)	(95)
Less: provision for impairment of loans granted	(27 184)	(27 152)
<b>Loans granted - net</b>	<b>11 568</b>	<b>8 112</b>
Other receivables from related parties	9 246	7 240
Discounting of other receivables from other related parties	(220)	(20)
Less: provision for impairment of other receivables from related parties	(260)	(210)
<b>Other receivables from related parties – net (Note 17)</b>	<b>8 766</b>	<b>7 010</b>
VAT receivables	21 193	12 389
Receivables from investment in bonds - gross	1 982	10 120
Less: provision for impairment of receivables from investment in bonds	(1 982)	(10 120)
<b>Receivables from investment in bonds - net</b>	<b>-</b>	<b>-</b>
Deferred charges	72 239	35 254
Security deposit – net	80 445	49 246
Deferred charges to related parties (Note 17)	23	15
Security deposits from related parties placed – net (Note 17)	11	9
Prepayments from related parties (Note 17)	454	45
<b>Total trade and other receivables:</b>	<b>452 415</b>	<b>340 160</b>
Less non-current portion:	(111 652)	(81 120)
<b>Current portion:</b>	<b>340 762</b>	<b>259 040</b>

12 Trade and other receivables (continued)

Non-current portion of other receivables is disclosed below:

	30 September 2023	31 December 2022
Loans granted to related parties	26 108	25 793
Less: provision for impairment of loans granted to related parties	(102)	(108)
<b>Loans granted to related parties - net</b>	<b>26 006</b>	<b>25 685</b>
Loans granted - gross	15 513	11 643
Less: provision for impairment of loans granted	(7 723)	(7 730)
<b>Loans granted - net</b>	<b>7 790</b>	<b>3 913</b>
Prepayments - gross	9 673	7 522
Less: provision for impairment of prepayments	-	-
<b>Prepayments - net</b>	<b>9 673</b>	<b>7 522</b>
Security deposit – net	60 284	38 151
Security deposits from related parties placed – net	11	-
Other receivables	2 448	1 254
Less: provision for impairment of other receivables	(878)	(4)
<b>Other receivables – net</b>	<b>1 570</b>	<b>1 250</b>
Other receivables from related parties	6 345	4 619
Less: provision for impairment of other receivables from related parties	(27)	(20)
<b>Other receivables from related parties – net</b>	<b>6 318</b>	<b>4 599</b>
<b>Total</b>	<b>111 652</b>	<b>81 120</b>

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

	30 September 2023	31 December 2022
<i>Financial trade and other receivables</i>		
Trade receivables	160 300	155 429
Trade receivables from related parties (Note 17)	568	917
Other receivables	11 078	4 083
Loans granted to related parties (Note 17)	27 223	26 637
Other receivables from related parties (Note 17)	8 766	7 010
Security deposits	80 445	49 246
Loans granted	11 568	8 112
	<b>299 948</b>	<b>251 434</b>
<i>Non-financial trade and other receivables</i>		
Prepayments	58 547	40 330
Other non-financial receivables	-	684
VAT receivables	21 193	12 389
Deferred charges	72 239	35 254
Deferred charges to other related parties (Note 17)	23	15
Security deposit with lessor from related parties (Note 17)	11	9
Prepayments to other related parties (Note 17)	454	45
	<b>152 467</b>	<b>88 726</b>
<b>Total</b>	<b>452 415</b>	<b>340 160</b>

The revenue recognised in the nine months ended 30 September 2023 related to the contract liabilities as at the beginning of the period is EUR 38 968 thousand (in the same period 2022: EUR 57 704 thousand). Revenue from performance obligations satisfied as at the beginning of the period is EUR 90 462 thousand (in the same period 2022: EUR 156 287 thousand).

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

13	Cash and cash equivalents	30 September 2023	31 December 2022	30 September 2022
	Cash and cash equivalents	283 627	324 718	293 280
	Cash at banks classified as assets held for sale	-	187	-
	Bank overdraft	-	(298)	-
	<b>Total</b>	<b>283 627</b>	<b>324 607</b>	<b>293 280</b>

14	Inventories	30 September 2023	31 December 2022
	Spare parts and materials – gross amount	84 246	56 827
	Less: provision for impairment of inventories	(11 936)	(12 179)
	<b>Spare parts and materials</b>	<b>72 310</b>	<b>44 648</b>
	Other inventories– gross amount	15 448	8 756
	Less: provision for impairment of inventories	(129)	-
	<b>Other inventories</b>	<b>15 319</b>	<b>8 756</b>
	Aircraft and aircraft components - gross amount	43 945	35 948
	Less: provision for impairment of aircraft	(2 532)	(2 276)
	<b>Aircraft and aircraft components</b>	<b>41 413</b>	<b>33 672</b>
	Aircraft fuel	2 044	1 790
	Work in progress	2 606	560
	Goods in transit	216	429
		<b>133 908</b>	<b>89 855</b>

15	Trade and other payables	30 September 2023	31 December 2022
	Trade payables	121 988	92 708
	Accrued expenses	95 403	69 217
	Accrued expenses to related parties	169	-
	Salaries and social security payable	64 758	55 964
	Provisions	43 389	28 075
	Employee benefit obligations	1 475	895
	Amounts payable to related parties (Note 17)	635	359
	Dividends payable	878	260
	Payable for PPE	3 467	1 534
	VAT payable	10 010	12 833
	Pension reserve accrual	309	278
	Other payables to related parties (Note 17)	4	2
	Other payables	15 902	16 976
		<b>358 387</b>	<b>279 101</b>
	Less: non-current portion	(26 658)	(21 048)
	<b>Current portion</b>	<b>331 729</b>	<b>258 053</b>

On 3 December 2019 Avia Solutions Group (ASG) 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 combinations and disposals**

*Establishments, acquisitions and disposals in 2023*

During January 2023, the Group established new subsidiary *FL Technics Group Holding Limited*.

During January 2023, the Group merged *FL Technics Line Maintenance Canada Inc. and Wright International Holding Inc.* into a newly established subsidiary *FL Technics Canada Inc.*

During February 2023, the Group sold its 100% of shares in the subsidiary *DG AVIA UAB*.

During February 2023, the Group established new subsidiary *JetMS Interiors UAB*.

During March 2023, the Group established new subsidiary *AviaAM Leasing Trading 2 DMCC*.

During March 2023, the Group established new subsidiary *Avia Solutions People DMCC*.

During March 2023, the Group acquired new subsidiary *DG41 Aero UAB*.

During April 2023, the Group has liquidated shares of *Chapman Freeborn Aviation Services Fzco*.

During April 2023, the Group disposed all shares of joint venture *Certifying Staff.com B.V.*

During May 2023, the Group established new subsidiary *Aero Invest 1 UAB*.

During May 2023, the Group acquired 100% of the shareholding of *Air Explore S.R.O.* based in Slovakia.

During June 2023, the Group established new subsidiary *FL Technics Dominican Republic, S.A.S.*

During June 2023, the Group established new subsidiary *AeroOpportunity Holdings Limited*.

During July 2023, the Group acquired 100% of the shareholding of *Synergy Aviation Limited* based in the United Kingdom.

During July 2023, the Group acquired 100% of the shareholding of *Naftelf Eesti AS* based in Estonia.

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 Cyprus Ltd., 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:

	<b>January – September</b>	
	<b>2023</b>	<b>2022</b>
<b>Sales of services to:</b>		
Parent	-	-
Entities having significant influence	135	180
Other related parties	205	133
	<b>340</b>	<b>313</b>
<b>Sales of assets:</b>		
Entities having significant influence	-	-
Other related parties	397	15
	<b>397</b>	<b>15</b>
<b>Total sales of assets and services</b>	<b>737</b>	<b>328</b>
	<b>January – September</b>	
	<b>2023</b>	<b>2022</b>
<b>Purchases of assets from:</b>		
Other related parties	2 276	777
	<b>2 276</b>	<b>777</b>
<b>Purchases of services from:</b>		
Parent	-	734
Entities having significant influence	-	16
Other related parties	741	1 885
	<b>741</b>	<b>2 635</b>
<b>Total purchases of assets and services</b>	<b>3 017</b>	<b>3 412</b>
<b>Other income &amp; other gains</b>	<b>483</b>	<b>1 018</b>
<b>Finance and other costs</b>	<b>191</b>	<b>-</b>

17 Related party transactions (continued)

	30 September 2023	31 December 2022
<b>Trade receivables from related parties:</b>		
Trade receivables from Parent	-	129
Trade receivables from entities having significant influence	145	-
Trade receivables from other related parties	427	1 186
Impairment of trade receivables from other related parties	(4)	(398)
<b>Trade receivables from related parties – net (Note 12)</b>	<b>568</b>	<b>917</b>
Loans provided to the Parent	9 845	10 614
Loans provided to entities having significant influence	10 364	9 818
Loans provided to other related parties	7 247	6 445
Impairment of loans granted to other related parties	(233)	(240)
<b>Loans granted to other related parties – net (Note 12)</b>	<b>27 223</b>	<b>26 637</b>
<b>Security deposit with lessor from related parties (Note 12)</b>	<b>11</b>	<b>9</b>
Other receivables from Parent	2 668	2 300
Other receivables from entities having significant influence	2 735	2 575
Other receivables from other related parties	3 623	2 345
Impairment of other receivables from other related parties	(260)	(210)
<b>Other receivables from related parties – net (Note 12)</b>	<b>8 766</b>	<b>7 010</b>
Prepayments to other related parties (Note 12)	454	45
Accrued revenue from other related parties	5	-
Deferred charges (Note 12)	23	15
	<b>37 050</b>	<b>34 633</b>
<b>Payables and advances received from related parties:</b>		
Amounts payable to Parent (Note 15)	40	-
Amounts payable to entities having significant influence (Note 15)	6	40
Amounts payable to other related parties (Note 15)	589	319
Lease liabilities	5 597	8 567
Advances received from other related parties	7 554	7 502
Accrued expenses from related parties	169	-
Other financial payables to entities having significant influence	2	-
Other financial payables to other related parties	-	2
Dividends payable to other related parties	2	102
	<b>13 959</b>	<b>16 532</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 30 September 2023 and 31 December 2022:

Recurring fair value measurements at 30 September 2023	Level 1	Level 2	Level 3
<b>Financial assets</b>			
Financial assets at fair value through profit or loss (FVPL)	1 511	-	-
Hedging derivatives - foreign currency interest rate swap	-	6 825	-
<b>Total financial assets</b>	<b>1 511</b>	<b>6 825</b>	<b>-</b>
<b>Financial liabilities</b>			
Hedging derivatives - foreign currency interest rate swap	-	-	-
Convertible preferred shares (Note 19)	-	-	345 607
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>345 607</b>
<b>Recurring fair value measurements at 31 December 2022</b>			
<b>Financial assets</b>			
Financial assets at fair value through profit or loss (FVPL)	2 249	-	-
Hedging derivatives - foreign currency interest rate swap	-	5 513	-
<b>Total financial assets</b>	<b>2 249</b>	<b>5 513</b>	<b>-</b>
<b>Financial liabilities</b>			
Hedging derivatives - foreign currency interest rate swap	-	195	-
Convertible preferred shares (Note 19)	-	-	325 726
<b>Total financial liabilities</b>	<b>-</b>	<b>195</b>	<b>325 726</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;

All of the resulting fair value estimates are included in level 2. For the method used in determining fair value of convertible preferred shares (level 3) refer to Note 19.



## 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, which is accrued (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, except for change in fair value due to change in own credit risk, which is accounted in other comprehensive income. 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:

	2023	2022
<b>Opening balance as at 1 January</b>	<b>325 726</b>	<b>300 920</b>
Change in fair value recognised in profit (loss)	19 881	18 368
Change in fair value recognised in OCI (own credit risk)	-	-
<b>Closing balance as at 30 September</b>	<b>345 607</b>	<b>319 288</b>

## 20 Events after the reporting date

During October 2023, the Company's Board of Directors has accepted a resolution to declare an interim dividend in the amount of EUR 25 million.

There were no other material post balance sheet events that could have a material effect on the Group's interim financial information for the nine-month period ended 30 September 2023.