

AVIA SOLUTIONS GROUP (ASG) PLC

Condensed Consolidated Interim Financial Information,
For the Three-Month Period Ended 31 March 2023 (Unaudited)

Beginning of the financial period	1 January 2023
End of reporting period	31 March 2023
Name of the company	Avia Solutions Group (ASG) PLC (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	info@aviasg.com
Internet address	www.aviasg.com
Segments of the consolidated Group	Logistics and Distribution Services, Support Services
Board of Directors	Gediminas Žiemelis Jonas Janukėnas Žilvinas Lapinskas Linas Dovydėnas Tom Klein Pascal Jean Alexandre Picano
Company Secretary	Dentons Ireland LLP 20 Kildare St., Dublin D02 T3V7, Dublin, Ireland

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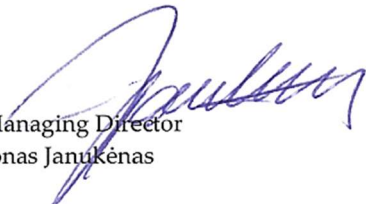
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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	January – March	
		2023	2022
Revenue	3	404 776	317 129
Other income	3	783	746
Cost of services and goods	3, 4	(278 055)	(208 777)
Employee related expenses	3	(85 755)	(66 068)
Depreciation and amortisation	3, 10	(41 974)	(21 680)
Other operating expenses	3, 5.1	(21 850)	(17 336)
(Increase) in the provision for impairment of financial assets	3, 5.2	(133)	(9 311)
Decrease/(increase) in the provision for impairment of non-financial assets	3, 5.2	17	(6 106)
Other gain/(loss) – net	3	3 463	19 732
Operating profit (loss)	3	(18 728)	8 329
Finance income	6	6 358	94
Finance cost	6	(24 175)	(18 259)
Finance costs – net	3, 6	(17 817)	(18 165)
Share of profit of equity-accounted investees, net of tax	3, 11	4	23
Profit (loss) before income tax		(36 541)	(9 813)
Income tax credit/(expense)	3, 7	3 000	(3 154)
Profit (loss) for the period		(33 541)	(12 967)
Profit (loss) attributable to:			
Equity holders of the parent		(34 075)	(13 783)
Non-controlling interests		534	816
		(33 541)	(12 967)
Other comprehensive income			
Net gain/(loss) on cash flow hedges		845	(900)
Income tax effect		(673)	226
		172	(674)
Exchange differences on translation of foreign operations		(6 596)	2 280
Other comprehensive income (loss) for the period		(6 424)	1 606
Total comprehensive income for the period attributable to:			
Equity holders of the parent		(40 769)	(12 208)
Non-controlling interests		804	847
Total comprehensive income (loss)		(39 965)	(11 361)


Managing Director
Jonas Janukėnas



Chief Financial Officer
Robertas Čipkus

CONDENSED CONSOLIDATED BALANCE SHEET


	Notes	31 March 2023	31 December 2022
ASSETS			
Non-current assets			
Property, plant and equipment	10	953 524	776 321
Investment property	10	43 620	41 640
Intangible assets	10	110 473	110 215
Investments accounted for using the equity method	11	349	349
Deferred tax assets		25 679	17 646
Financial assets at fair value through profit or loss	18	1 531	1 649
Non-current derivative financial instruments	18	4 719	5 513
Long-term bank deposits		854	859
Non-current trade and other receivables	12	92 223	81 120
		1 232 972	1 035 312
Current assets			
Inventories	14	94 526	89 855
Trade and other receivables	12	305 529	259 040
Financial assets at fair value through profit or loss	18	588	600
Contract assets		23 512	24 701
Prepaid income tax		2 086	4 410
Short-term bank deposits		99	1 504
Cash and cash equivalents	13	285 348	324 718
		711 688	704 828
Non-current assets classified as held for sale		-	14 162
Total assets		1 944 660	1 754 302

CONDENSED CONSOLIDATED BALANCE SHEET (CONTINUED)

	Notes	31 March 2023	31 December 2022
EQUITY			
Equity attributable to the Group's equity shareholders			
Share capital	8	22 556	22 556
Treasury shares		-	(1 644)
Fair value reserve		4 058	3 886
Cumulative translation differences		(4 513)	2 353
Retained earnings, share premium and other reserves		250 369	284 378
Equity attributable to equity holders of the parent		272 470	311 529
Non-controlling interests		4 892	4 088
Total equity		277 362	315 617
LIABILITIES			
Non-current liabilities			
Convertible preferred shares	19	332 151	325 726
Lease liabilities		495 549	363 171
Borrowings		228 704	234 090
Government grants		62	106
Security deposits received		2 054	1 068
Trade and other payables	15	21 263	21 048
Deferred income tax liabilities		13 922	11 151
Derivative financial instruments	18	691	195
		1 094 396	956 555
Current liabilities			
Trade and other payables	15	286 910	258 053
Lease liabilities		134 131	106 285
Borrowings		10 513	14 307
Contract liabilities		98 228	57 327
Security deposits received		17 282	11 282
Current income tax liabilities		25 838	26 118
		572 902	473 372
Total liabilities		1 667 298	1 429 927
Non-current liabilities classified as held for sale		-	8 758
Total equity and liabilities		1 944 660	1 754 302



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AVIA SOLUTIONS GROUP (ASG) PLC

 CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
 FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 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
Balance at 1 January 2022	22 556	(12)	2 042	(3 221)	303 747	325 112	3 267	328 379
Comprehensive income								
Net gain (loss) on cash flow hedge	-	-	(674)	-	-	(674)	-	(674)
Currency translation difference	-	-	-	2 249	-	2 249	31	2 280
Profit (loss) for the period	-	-	-	-	(13 783)	(13 783)	816	(12 967)
Total comprehensive income	-	-	(674)	2 249	(13 783)	(12 208)	847	(11 361)
Transactions with owners								
Purchase of interest in subsidiary	-	-	-	-	(38)	(38)	38	-
Share based payments (other reserves)	-	-	-	-	66	66	-	66
Total transactions with owners	-	-	-	-	28	28	38	66
Balance at 31 March 2022	22 556	(12)	1368	(972)	289 992	312 932	4 152	317 084

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

	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-controlling interests	Total equity
Balance at 1 January 2023	22 556	(1 644)	3 886	2 353	284 378	311 529	4 088	315 617
Comprehensive income								
Net gain (loss) on cash flow hedge	-	-	172	-	-	172	-	172
Currency translation difference	-	-	-	(6 866)	-	(6 866)	270	(6 596)
Profit (loss) for the period	-	-	-	-	(34 075)	(34 075)	534	(33 541)
Total comprehensive income	-	-	172	(6 866)	(34 075)	(40 769)	804	(39 965)
Transactions with owners								
Sale of treasury shares	-	1 644	-	-	-	1 644	-	1 644
Share based payments (other reserves)	-	-	-	-	66	66	-	66
Total transactions with owners	-	1 644	-	-	66	1 710	-	1 710
Balance at 31 March 2023	22 556	-	4 058	(4 513)	250 369	272 470	4 892	277 362

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



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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS


	Notes	January – March	
		2023	2022
Operating activities			
Profit (loss) for the period		(33 541)	(12 967)
Income tax	7	(3 000)	3 154
<i>Adjustments for:</i>			
Depreciation and amortisation	3, 10	41 974	21 680
Impairment-related expenses	3	116	15 417
Interest expenses	6	16 243	10 146
Currency translation differences		(8 876)	659
Discounting effect on financial assets	6	1 391	769
Fair value loss/ (gains)		6 425	5 983
Net result of subsidiaries disposal		(7 189)	(2 968)
Changes in other reserves		66	66
(Gain) / loss on property, plant and equipment disposals and write-offs		366	(15 095)
(Gain) / loss on bonds repurchase		-	(38)
(Gain) / loss on termination/modification of lease agreements		(76)	116
Amortisation of government grants		(44)	(53)
Interest income		(262)	(451)
Share of (profit) / loss of associates		(4)	(23)
<i>Changes in operating assets and liabilities:</i>			
- Inventories		(8 757)	12 040
- Trade and other receivables, contract assets		(47 637)	(8 776)
- Security deposits placed		(13 460)	(5 156)
- Accrued expenses for certain contracts		(39)	(141)
- Trade and other payables, advances received/contract liabilities		76 776	21 257
- Security deposits received		4 345	4 128
Cash generated from (used in) operating activities		24 817	49 747
Interest received		192	95
Interest paid		(9 784)	(3 275)
Income tax paid		(11 307)	(3 411)
Net cash generated from (used in) operating activities		3 918	43 156

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

	Notes	January – March	
		2023	2022
Investing activities			
Purchase of property, plant and equipment and intangible assets		(36 566)	(21 649)
Proceeds from property, plant and equipment and intangible assets disposal		53	1 976
Purchase of other investment		-	(305)
Disposal of other investment		-	269
Loans granted		(11)	(729)
Repayments of loans granted		27	1 785
Bank deposits placed		-	(26)
Repayments of bank deposits placed		1 398	90 073
Purchase of subsidiaries (net of cash acquired)		(2 008)	-
Sales of subsidiaries (net of cash disposed)		20 262	(42)
Net cash from (used in) investing activities		(16 845)	71 352
Financing activities			
Dividends paid		-	-
Bank borrowings received		-	5 426
Repayments of bank borrowings		(1 314)	(650)
Repayments of other borrowings		(3 734)	(4 430)
Repurchase of bonds		-	(853)
Repayments of lease liabilities		(21 097)	(11 958)
Net cash (used in)/ from financing activities		(26 145)	(12 465)
Increase (decrease) in cash and cash equivalents		(39 072)	102 043
At beginning of period	13	324 420	215 865
At end of period	13	285 348	317 908



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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 Accounting policies

The consolidated interim financial information for the three-month period ended 31 March 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 three-month period ended 31 March 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 three-month period ending 31 March 2023 are disclosed in Note 16 of these interim financial statements.

The number of full-time staff employed by the Group on 31 March 2023 amounted to 5 783 (31 December 2022: 5 476; 31 March 2022: 5 082).

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 three-month period ended 31 March 2023 and for the three-month period ended 31 March 2022:

Three-month period ended 31 March 2023	Logistics and Distribution	Support Services	Unallocated	Inter- segment transactions	Total
Continuing operations					
Revenue from contracts with external customers	244 901	147 245	12 630	-	404 776
Timing of revenue recognition					
<i>At a point in time</i>	244 691	116 989	12 579	-	374 259
<i>Over time</i>	210	30 256	51	-	30 517
Intersegment sales	1 268	8 282	3 005	(12 555)	-
Total revenue	246 169	155 527	15 635	(12 555)	404 776
Other income	406	149	4 523	(4 295)	783
Cost of services and goods purchased	(206 985)	(72 629)	(8 934)	10 493	(278 055)
Employee related expenses	(22 587)	(58 462)	(4 800)	94	(85 755)
(Increase)/ decrease in the provision for impairment of financial assets	503	(2 902)	(3 046)	5 312	(133)
(Increase)/ decrease in the provision for impairment of non-financial assets	(945)	963	(1)	-	17
Other operating expenses	(12 015)	(10 374)	(1 947)	2 486	(21 850)
Depreciation and amortisation	(34 902)	(5 035)	(2 078)	41	(41 974)
Other gains/ (losses) – net	5 442	(518)	76	(1 537)	3 463
Segment operating profit (loss)	(24 914)	6 719	(572)	39	(18 728)
Finance costs - net					(17 817)
Share of (loss) of associates					4
Profit before income tax					(36 541)
Income tax					3 000
Net profit for the period					(33 541)
As at 31 March 2023:					
Segment assets	382 588	1 196 303	364 455	1 314	1 944 660
Segment liabilities	236 035	858 672	572 591	-	1 667 298

3 Revenue (continued)

Three-month period ended 31 March 2022	Logistics and Distribution	Support Services	Unallocated	Inter- segment transactions	Total
Continuing operations					
Revenue from contracts with external customers	195 664	110 181	11 284	-	317 129
Timing of revenue recognition					
<i>At a point in time</i>	195 483	89 393	11 013	-	295 889
<i>Over time</i>	181	20 788	271	-	21 240
Intersegment sales	1 312	7 058	3 053	(11 423)	-
Total revenue	196 976	117 239	14 337	(11 423)	317 129
Other income	417	329	3 926	(3 926)	746
Cost of services and goods purchased	(155 649)	(56 408)	(4 973)	8 253	(208 777)
Employee related expenses	(14 356)	(48 211)	(3 580)	79	(66 068)
(Increase)/ decrease in the provision for impairment of financial assets	(107)	(7 438)	(2 542)	776	(9 311)
(Increase)/ decrease in the provision for impairment of non-financial assets	8	(799)	(5 868)	553	(6 106)
Other operating expenses	(8 361)	(8 056)	(3 211)	2 292	(17 336)
Depreciation and amortisation	(15 385)	(4 645)	(1 779)	129	(21 680)
Other gains/ (losses) – net	15 246	4 400	157	(71)	19 732
Segment operating profit (loss)	18 789	(3 589)	(3 533)	(3 338)	8 329
Finance costs - net					(18 165)
Share of (loss) of associates					23
Profit before income tax					(9 813)
Income tax					(3 154)
Net profit for the period					(12 967)
As at 31 March 2022:					
Segment assets	779 122	326 184	436 721	-	1 542 027
Segment liabilities	407 954	218 638	598 351	-	1 224 943

		January – March	
		2023	2022
4	Cost of goods and services		
	Aircraft fuel expenses	77 842	69 930
	Cost of purchased services	35 792	38 488
	Costs of aircraft sold	13 474	-
	Rent of aircraft, training and other equipment and lease related services	38 773	35 377
	Cost of goods purchased	39 284	20 146
	Aircraft repair and maintenance costs	25 818	16 720
	Employee rent and other related personnel expenses	25 807	12 684
	Aircraft operations costs and flight related charges	15 521	11 111
	Rent and maintenance of premises	5 744	4 321
		278 055	208 777
		January – March	
		2023	2022
5.1	Other operating expenses		
	Consulting expenses	3 847	3 428
	Office administrative, communications and IT expenses	4 117	3 453
	Insurance expenses	4 160	1 781
	Transportation and related expenses	2 911	1 626
	Business travel expenses	2 309	1 961
	Marketing and sales expenses	1 338	1 008
	VAT expenses	238	404
	Other expenses	2 930	3 675
		21 850	17 336
		January – March	
		2023	2022
5.2	Impairment expenses		
	Impairment of trade receivables and other contract assets	133	9 311
	Impairment of non-current assets	129	5 925
	Impairment of inventories	(146)	163
	Impairment of other assets	-	-
	Impairment of prepayments	-	18
		116	15 417

6	Finance income and costs	January – March	
		2023	2022
	Profit from bonds repurchase	-	38
	Interest income on cash and cash equivalents	1 013	18
	Foreign exchange gain on financing activities	5 315	-
	Other finance income	30	38
	Finance income	6 358	94
	Interest expenses on borrowings and lease liabilities	(16 243)	(10 146)
	Foreign exchange loss on financing activities	-	(916)
	Loss from fair value change of convertible preferred shares	(6 425)	(5 936)
	Unwinding of discounted financial assets received	(1 397)	(769)
	Loss from fair value recognized in profit and loss	-	(47)
	Other finance costs	(110)	(445)
	Finance costs	(24 175)	(18 259)
	Finance costs – net	(17 817)	(18 165)

7 Income tax and deferred income tax

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

	January – March	
	2023	2022
Current income tax	(4 829)	(6 150)
Deferred income tax	7 829	2 996
Total income tax credit (expenses)	3 000	(3 154)

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 31 March 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 31 March 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
Opening net book amount as at 1 January 2022	226 696	113 584	187 747	31 030
Acquisition of subsidiary (Note 16)	-	-	-	-
Additions	16 473	801	55 477	3 915
Disposals	(2 208)	-	-	-
Write-offs	(21)	-	-	-
Modification/termination of the lease contracts	-	-	(22)	-
Disposal of subsidiary (Note 16)	(297)	-	(183)	-
Impairment	(5 904)	-	-	-
Reclassification	3 883	-	82	(3 872)
Cumulative currency differences	1 381	337	2 218	912
Depreciation (amortisation) charge (Note 3)	(5 349)	(865)	(15 249)	(217)
Closing net book amount as at 31 March 2022	234 654	113 857	230 070	31 768

	Property, plant and equipment	Intangible assets	Right of use assets	Investment property
Opening net book amount as at 1 January 2023	293 993	110 215	482 328	41 640
Acquisition of subsidiary (Note 16)	800	-	-	1 547
Additions	33 111	2 179	186 177	281
Disposals	(76)	(7)	-	-
Write-offs	(300)	(33)	-	-
Modification/termination of the lease contracts	-	-	3 113	-
Reclassification	4 232	-	(5)	-
Cumulative currency differences	(3 179)	(629)	(6 221)	425
Depreciation (amortisation) charge (Note 3)	(6 711)	(1 252)	(33 738)	(273)
Closing net book amount as at 31 March 2023	321 870	110 473	631 654	43 620

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	
			31 March 2023	31 December 2022	31 March 2023	31 December 2022	January -March 2023	January -March 2022
BSTS & Storm Aviation Limited (Bangladesh)	49 %	No	104	104	77	77	5	3
FL ARI Aircraft Maintenance & Engineering Company CO. LTD (China)	40 %	No	3 898	3 563	-	-	-	-
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	25	-	-	(1)	20

12 Trade and other receivables	31 March 2023	31 December 2022
Trade receivables	208 573	200 965
Less: provision for impairment of trade receivables	(45 268)	(45 536)
Trade receivables – net	163 305	155 429
Prepayments	46 793	40 862
Less: provision for impairment of prepayments	(539)	(532)
Prepayments - net	46 254	40 330
Other receivables	15 388	12 258
Discounting of other receivables	(177)	(54)
Less: provision for impairment of other receivables	(7 441)	(7 437)
Other receivables – net	7 770	4 767
Trade receivables from related parties	1 363	1 315
Less: provision for impairment of trade receivables from related parties	(404)	(398)
Trade receivables from related parties - net (Note 17)	959	917
Loans granted to related parties	26 809	26 877
Less: provision for impairment of loans granted to related parties	(233)	(240)
Loans granted to related parties – net (Note 17)	26 576	26 637
Loans granted	35 104	35 359
Discounting of loans granted	(90)	(95)
Less: provision for impairment of loans granted	(26 855)	(27 152)
Loans granted - net	8 159	8 112
Other receivables from related parties	8 031	7 240
Discounting of other receivables from other related parties	(200)	(20)
Less: provision for impairment of other receivables from related parties	(209)	(210)
Other receivables from related parties – net (Note 17)	7 622	7 010
VAT receivables	14 632	12 389
Receivables from investment in bonds - gross	10 072	10 120
Less: provision for impairment of receivables from investment in bonds	(10 072)	(10 120)
Receivables from investment in bonds - net	-	-
Deferred charges	61 879	35 254
Security deposit – net	60 547	49 246
Deferred charges to related parties (Note 17)	-	15
Security deposits from related parties placed – net (Note 17)	11	9
Prepayments from related parties (Note 17)	38	45
Total trade and other receivables:	397 751	340 160
Less non-current portion:	(92 223)	(81 120)
Current portion:	305 529	259 040

12 Trade and other receivables (continued)

Non-current portion of other receivables is disclosed below:

	31 March 2023	31 December 2022
Loans granted to related parties	25 726	25 793
Less: provision for impairment of loans granted to related parties	(101)	(108)
Loans granted to related parties - net	25 625	25 685
Loans granted - gross	12 121	11 643
Less: provision for impairment of loans granted	(7 725)	(7 730)
Loans granted - net	4 396	3 913
Prepayments - gross	7 433	7 522
Less: provision for impairment of prepayments	-	-
Prepayments - net	7 433	7 522
Security deposit – net	47 746	38 151
Other receivables	1 834	1 254
Less: provision for impairment of other receivables	(8)	(4)
Other receivables – net	1 826	1 250
Other receivables from related parties	5 220	4 619
Less: provision for impairment of other receivables from related parties	(23)	(20)
Other receivables from related parties – net	5 197	4 599
Total	92 223	81 120

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

	31 March 2023	31 December 2022
<i>Financial trade and other receivables</i>		
Trade receivables	163 305	155 429
Trade receivables from related parties (Note 17)	959	917
Other receivables	7 072	4 083
Loans granted to related parties (Note 17)	26 576	26 637
Other receivables from related parties (Note 17)	7 623	7 010
Security deposits	60 547	49 246
Loans granted	8 159	8 112
	274 241	251 434
<i>Non-financial trade and other receivables</i>		
Prepayments	46 254	40 330
Other non-financial receivables	698	684
VAT receivables	14 632	12 389
Deferred charges	61 878	35 254
Deferred charges to other related parties (Note 17)	-	15
Security deposit with lessor from related parties (Note 17)	11	9
Prepayments to other related parties (Note 17)	38	45
	123 511	88 726
Total	397 752	340 160

The revenue recognised in the three months ended 31 March 2023 related to the contract liabilities as at the beginning of the period is EUR 35 557 thousand (in the same period 2022: EUR 33 307 thousand). Revenue from performance obligations satisfied as at the beginning of the period is EUR 78 737 thousand (in the same period 2022: EUR 25 536 thousand).

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

13	Cash and cash equivalents	31 March 2023	31 December 2022	31 March 2022
	Cash and cash equivalents	285 348	324 718	319 405
	Cash at banks classified as assets held for sale	-	187	-
	Bank overdraft	-	(298)	(1 497)
	Total	285 348	324 607	317 908

14	Inventories	31 March 2023	31 December 2022
	Spare parts and materials – gross amount	69 522	56 827
	Less: provision for impairment of inventories	(11 902)	(12 179)
	Spare parts and materials	57 620	44 648
	Goods for sales – gross amount	7 410	5 519
	Less: provision for impairment of inventories	-	-
	Goods for sale	7 410	5 519
	Aircraft - gross amount	20 483	21 131
	Less: provision for impairment of aircraft	(2 407)	(2 276)
	Aircraft	18 076	18 855
	Aircraft components	6 998	14 817
	Aircraft fuel	1 288	1 790
	Work in progress	558	560
	Goods in transit	9	429
	Other inventories	2 567	3 237
		94 526	89 855

15	Trade and other payables	31 March 2023	31 December 2022
	Trade payables	123 010	92 708
	Accrued expenses	66 156	69 217
	Salaries and social security payable	58 418	55 964
	Provisions	29 556	28 075
	Employee benefit obligations	922	895
	Amounts payable to related parties (Note 17)	362	359
	Dividends payable	260	260
	Payable for PPE	-	1 534
	VAT payable	6 685	12 833
	Pension reserve accrual	293	278
	Other payables to related parties (Note 17)	3	2
	Other payables	22 508	16 976
		308 173	279 101
	Less: non-current portion	(21 263)	(21 048)
	Current portion	286 910	258 053

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 new established subsidiary *FL Technics Canada Inc.*

During February 2023, Avia Solutions Group (ASG) PLC subsidiary AviaAM Leasing AB sold its 100% of shares in the subsidiary *DG AVIA UAB*.

During February 2023, Avia Solutions Group (ASG) PLC subsidiary JetMS Holdings Limited established new subsidiary *JetMS Interiors UAB*.

During March 2023, Avia Solutions Group (ASG) PLC subsidiary AviaAM Leasing AB established new subsidiary *AviaAM Leasing Trading 2 DMCC*.

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

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

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:

	January – March	
	2023	2022
Sales of services to:		
Parent	-	-
Entities having significant influence	14	3
Other related parties	96	27
	110	30
Sales of assets:		
Entities having significant influence	-	-
Other related parties	-	-
	-	-
Total sales of assets and services	110	30
	January – March	
	2023	2022
Purchases of assets from:		
Other related parties	141	225
	141	225
Purchases of services from:		
Parent	-	696
Entities having significant influence	33	-
Other related parties	897	637
	930	1 333
Total purchases of assets and services	1 071	1 558
Other income & other gains	325	262
Finance and other costs	-	-

17 Related party transactions (continued)

	31 March 2022	31 December 2022
Trade receivables from related parties:		
Trade receivables from Parent	-	129
Trade receivables from entities having significant influence	82	-
Trade receivables from other related parties	1 281	1 186
Impairment of trade receivables from other related parties	(404)	(398)
Trade receivables from related parties – net (Note 12)	959	917
Loans provided to the Parent	9 740	10 614
Loans provided to entities having significant influence	10 374	9 818
Loans provided to other related parties	6 695	6 445
Impairment of loans granted to other related parties	(233)	(240)
Loans granted to other related parties – net (Note 12)	26 576	26 637
Security deposit with lessor from related parties (Note 12)	11	9
Other receivables from Parent	2 596	2 300
Other receivables from entities having significant influence	2 446	2 575
Other receivables from other related parties	2 789	2 345
Impairment of other receivables from other related parties	(209)	(210)
Other receivables from related parties – net (Note 12)	7 622	7 010
Prepayments to other related parties (Note 12)	38	45
Accrued revenue from other related parties	2	-
Amount due from customers for contract work from other related parties (Notes 12)	-	-
Deferred charges (Note 12)	-	15
	35 208	34 633
Payables and advances received from related parties:		
Amounts payable to Parent (Note 15)	40	-
Amounts payable to entities having significant influence (Note 15)	10	40
Amounts payable to other related parties (Note 15)	312	319
Lease liabilities	12 284	8 567
Advances received from other related parties	7 358	7 502
Other financial payables to entities having significant influence	2	-
Other financial payables to other related parties	1	2
Dividends payable to other related parties	102	102
	20 109	16 532

18 Derivatives

Fair value hierarchy

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

The following table presents the group's financial assets and financial liabilities measured and recognised at fair value at 31 March 2023 and 31 December 2022:

Recurring fair value measurements at 31 March 2023	Level 1	Level 2	Level 3
Financial assets			
Financial assets at fair value through profit or loss (FVPL)	2 119	-	-
Hedging derivatives - foreign currency interest rate swap	-	4 719	-
Total financial assets	2 119	4 719	-
Financial liabilities			
Hedging derivatives - foreign currency interest rate swap	-	691	-
Convertible preferred shares (Note 19)	-	-	332 151
Total financial liabilities	-	691	332 151
Recurring fair value measurements at 31 December 2022			
Financial assets			
Financial assets at fair value through profit or loss (FVPL)	2 249	-	-
Hedging derivatives - foreign currency interest rate swap	-	5 513	-
Total financial assets	2 249	5 513	-
Financial liabilities			
Hedging derivatives - foreign currency interest rate swap	-	195	-
Convertible preferred shares (Note 19)	-	-	325 726
Total financial liabilities	-	195	325 726

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.

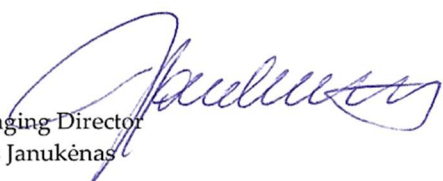
The movement of the convertible preferred shares is set out as below:

	2023	2022
Opening balance as at 1 January	325 726	300 920
Change in fair value recognised in profit (loss)	6 425	5 936
Change in fair value recognised in OCI (own credit risk)	-	-
Closing balance as at 31 March	332 151	306 856

20 Events after the reporting date

There were no material post balance sheet events that could have a material effect on the Group's interim financial information for the three-month period ended 31 March 2023.

Managing Director
Jonas Janukėnas



Chief Financial Officer
Robertas Čipkus

