Avia Solutions Group

9M 2023 RESULTS

Jonas Janukenas
Chief Executive Officer

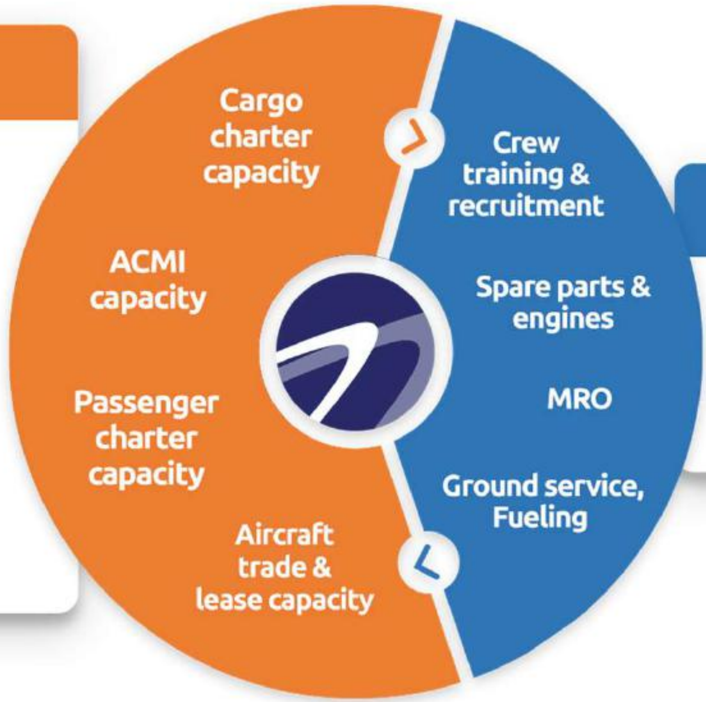
Robertas Cipkus
Chief Financial Officer

November 2023

LEADERS IN END-TO-END CAPACITY SOLUTIONS FOR PASSENGER AND CARGO AIRLINES WORLDWIDE

LOGISTICS &DISTRIBUTION

- Wet Lease
- Group Charters
- On Board Courier
- Private Jet Charters
- Trade of an aircrafts with a lease attached
- Damp Lease
- Cargo Charters
- Humanitarian Airlifts
- Aircraft fleet sourcing for the group companies



SUPPORT SERVICES

- Aircraft Maintenance (MRO) & Spare Parts
- Ground Handling & Fuelling
- Aviation Training & Recruitment

9m 2023 Revenue geography by clients:

Europe – 69.4%;

Asia – 19.2%;

Americas – 5.8%;

Africa – 3.9%;

Other – 1.7%.

9m 2023 Human capital spread by geography:

Europe – 86.6%;

Asia – 11.6%;

Americas – 1.6%;

Other – 0.2%.

€1 642 m
9m 2023 revenue

€316 m
9m 2023 EBITDA

€284 m
Cash and Short-term Deposits
as of 30 September 2023

BB- / BB
S&P / Fitch Ratings
as of 13 October 2023 / 28 April 2023

* Net Debt definition is in Glossary

KEY HIGHLIGHTS

Avia Solutions Group

- Very strong passenger ACMI market & promising low season, subdued air cargo demand
- ACMI outlook further boosted by P&W engine issue
- Group revenue increased by 22% YoY reaching €1 642m in 9m 2023
- Strong third quarter increases EBITDA 9m 2023 by 31% vs 9m 2022
- Aircraft fleet growth slows: plus 2 aircraft in 3Q 2023
- Investments into new ACMI AOC’s in Indonesia, Thailand, UK, Turkey

PASSENGER TRANSPORTATION SECTOR

Global

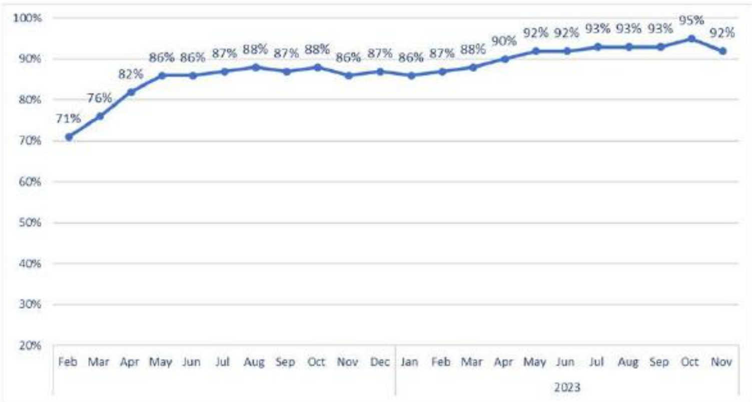
- Industry-wide revenue passenger-kilometers (RPKs) increased 30% year-on-year (YoY) in September. Compared to 2019 levels, passenger traffic recovered to 97%.
- Available seat-kilometers (ASKs) rebounded by 29% YoY, recovering to 97% of pre-pandemic capacity. Industry-wide passenger load factors rose to 83%, close to pre-pandemic levels.

Europe

- In November 2023, average daily flights decreased and reached 92% of the 2019 level. The network recorded fewer flights due to storm episodes early November as well as cancellations from low-cost airlines, sensitive to the market conditions.
- Intra-Europe flights are at -8% compared to the 2019 level, while non intra-Europe are 10% down basically because flows between Europe and Russia are at -70% compared to the 2019 level.
- Looking ahead, domestic and international ticket sales suggest that 2024 might be a milestone for global passenger traffic surpassing the year 2019.

Global air passenger volumes

Europe flights since January 2022 as comparison with 2019



Traffic evolution between regions

week 13 Nov -19 Nov 2023 vs. 2019

Sources: IATA Economics, IATA Monthly Statistics, Eurocontrol

GLOBAL CARGO SECTOR

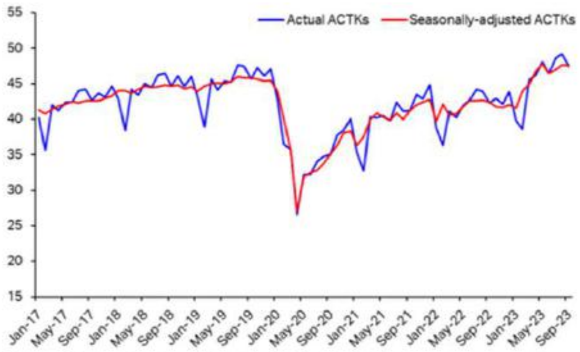
Avia Solutions Group

- Industry cargo tonne-kilometres (CTKs) were up 2% year-on-year (YoY) in September. Compared to the pre-Covid level, global CTKs remained 1,3% lower due slowdown in global new export orders among all the major economies.
- Air cargo capacity, measured in available cargo tonne-kilometers (ACTKs), increased by 12% YoY, driven by the strong growth of international belly cargo capacity.
- Airlines in the Asia Pacific, Latin America, Middle East, and North America regions all registered annual growth in their international CTKs in September, with Asia Pacific airlines seeing the strongest growth.
- The recent surge in global jet fuel prices led to an increase in air cargo yields for the first time since November 2022.
- Air cargo executives are expecting air cargo demand in 2024 to be flat or at best slightly above this year’s levels.

Cargo-tonne kilometres (CTKs) levels

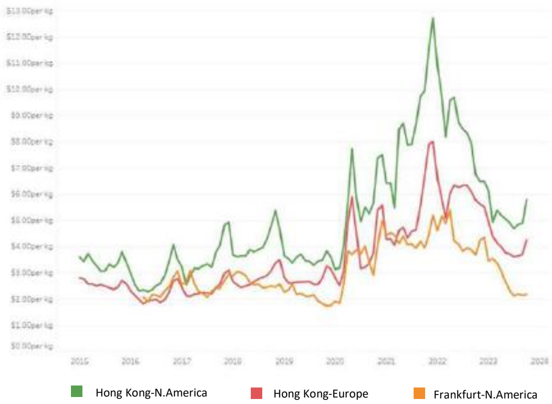
Sources: IATA Sustainability and Economics, IATA Monthly Statistics

Available cargo tonne-kilometres (ACTKs)



Sources: IATA Sustainability and Economics, IATA Monthly Statistics

Freight Index (BAI)*



Sources: IATA Economics, IATA Monthly Statistics, Baltic exchange

* - Baltic Exchange Air Freight Index (BAI)

9M KEY FINANCIAL HIGHLIGHTS

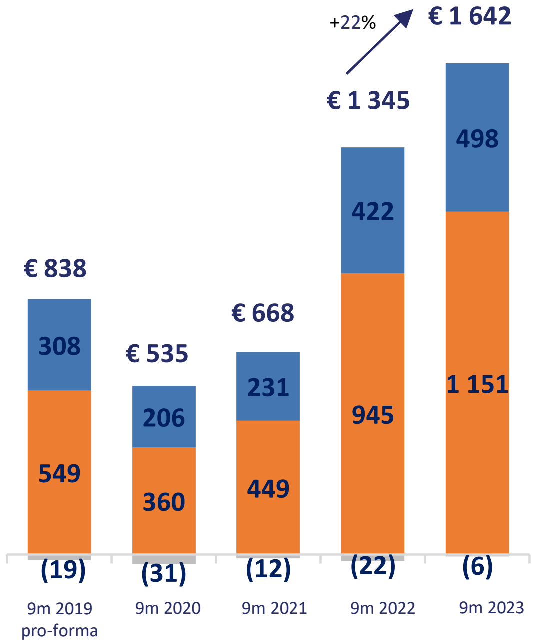
Avia Solutions Group

Support Services
- MRO
- Ground handling
- Fueling

Logistics & Distribution
- Cargo & Charter
- Passenger ACMI
- Cargo ACMI
- Private Jet

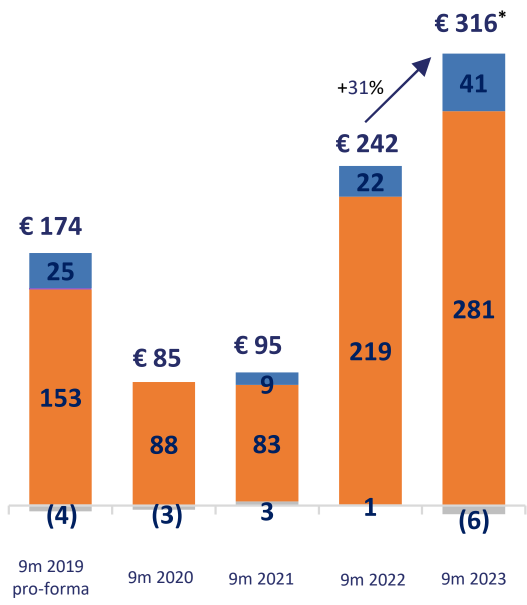
Unallocated and IC and business combination adjustments

Consolidated Group Revenue



Consolidated Group EBITDA

in € m



* Management corrections for comparison purposes

Q1–Q3 KEY FINANCIAL HIGHLIGHTS

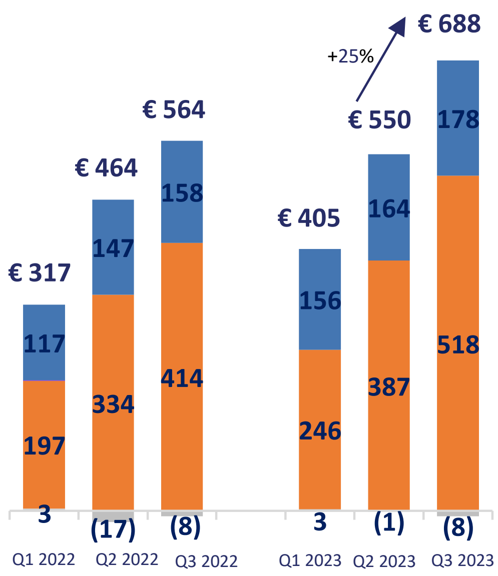
Avia Solutions Group

Support Services
- MRO
- Ground handling
- Fueling

Logistics & Distribution
- Cargo & Charter
- Passenger ACMI
- Cargo ACMI
- Private Jet

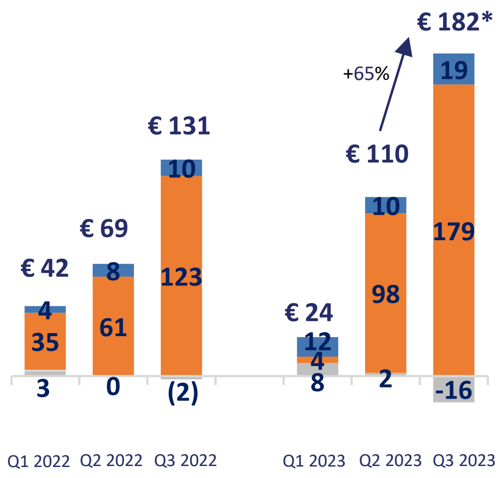
Unallocated and IC and business combination adjustments

Consolidated Group Revenue



Consolidated Group EBITDA

in € m



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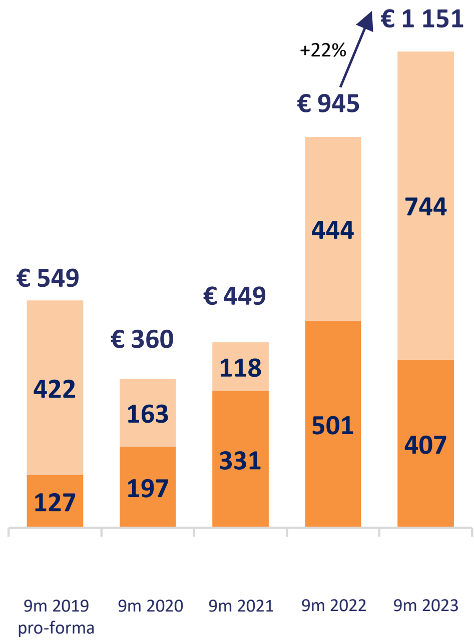
9M LOGISTICS & DISTRIBUTION HIGHLIGHTS

Avia Solutions Group

Passenger

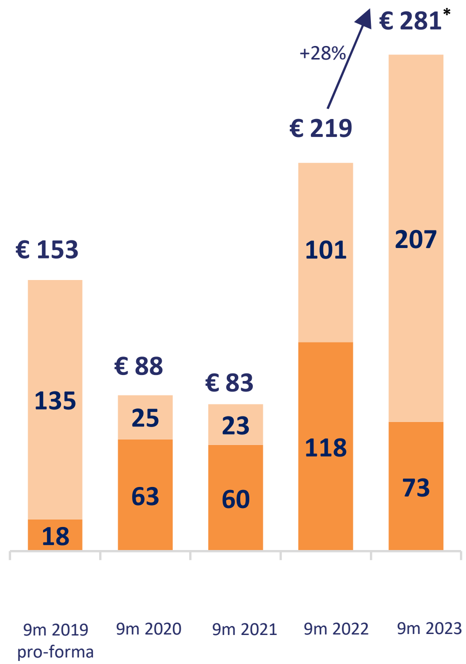
Cargo

Revenue (YoY)



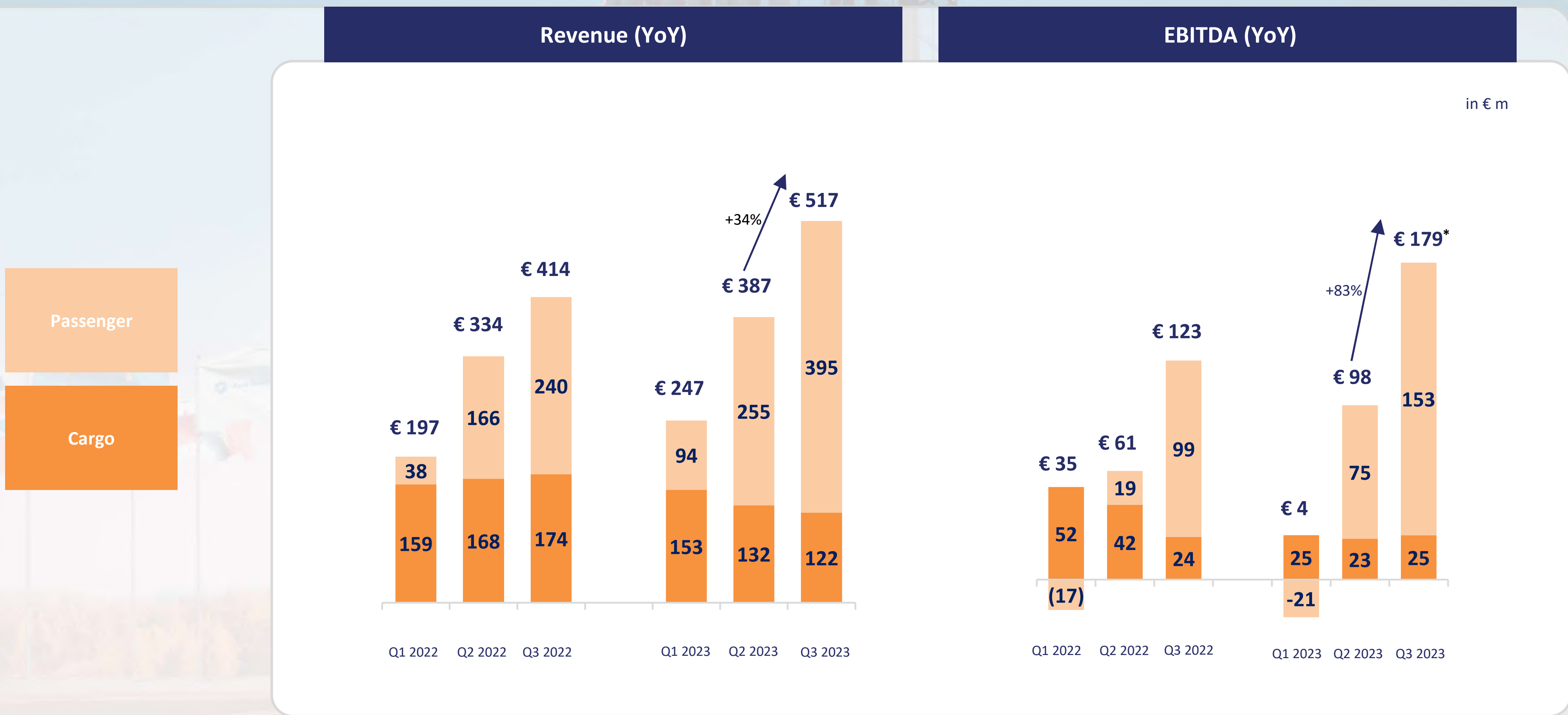
EBITDA (YoY)

in € m



* Management corrections for comparison purposes

Q1–Q3 LOGISTICS & DISTRIBUTION HIGHLIGHTS



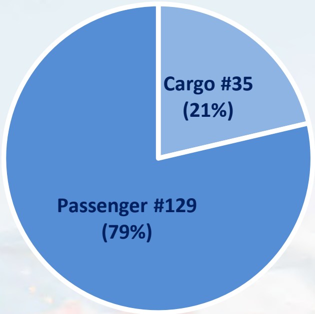
* Management corrections for comparison purposes

AIRCRAFT FLEET

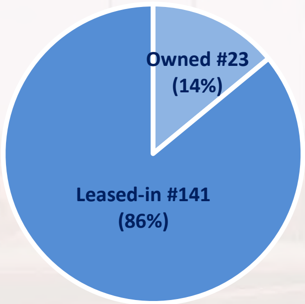
Q1 2023

164*

By type



By ownership

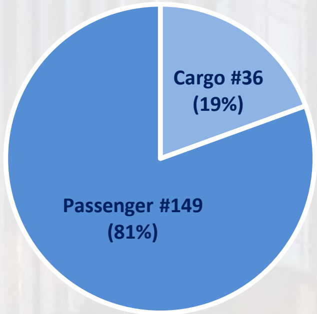


+13%

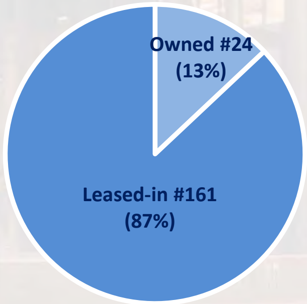
Q2 2023

185*

By type



By ownership

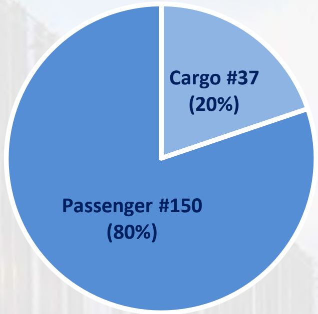


+1%

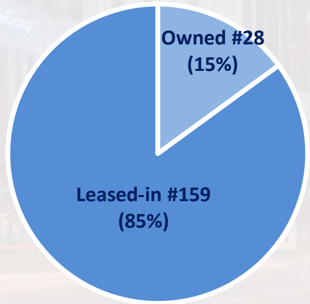
Q3 2023

187*

By type



By ownership



* Aircraft number without LOI

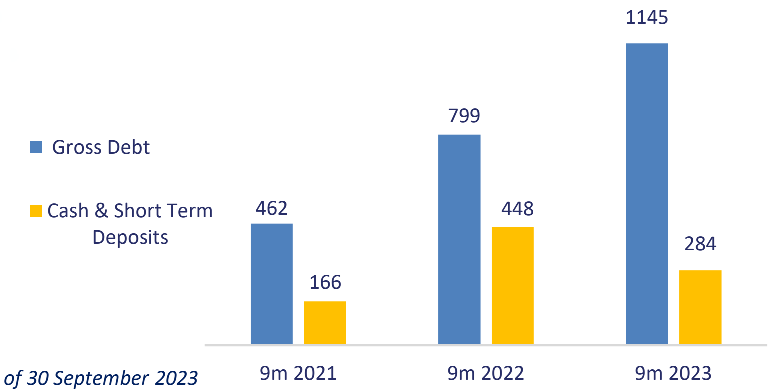
CASH AND DEBT POSITION

Avia Solutions Group

Lease liabilities 9m 2023 (919 m):

- IFRS16 in Passenger ACMI segment: ~61%
- IFRS16 in Cargo ACMI segment: ~27%
- Other lease liabilities: ~12%

Cash and Debt dynamics

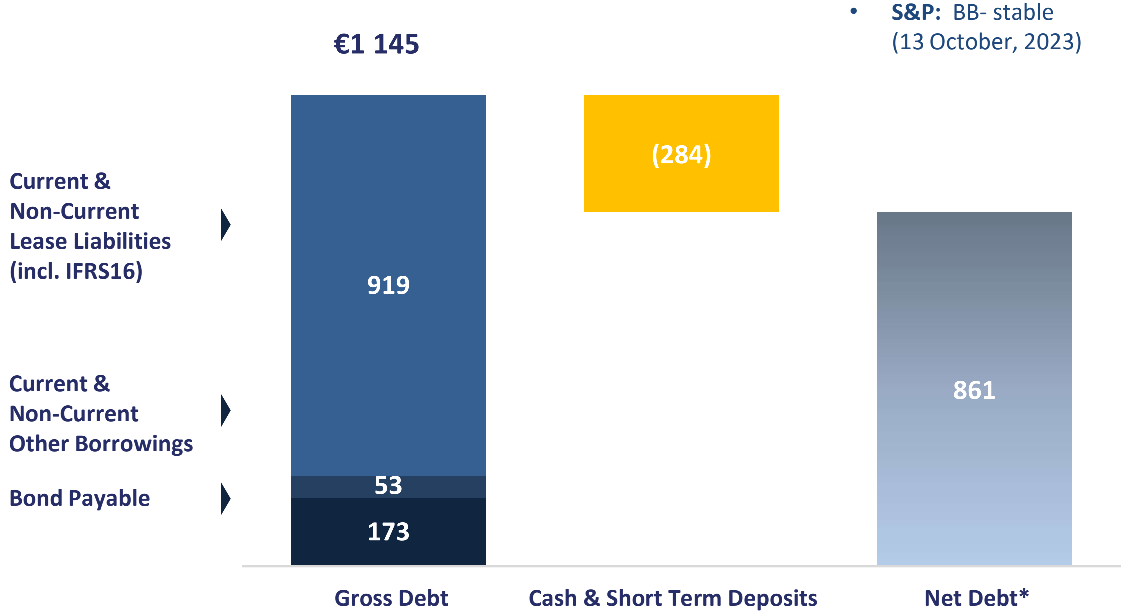


as of 30 September 2023
in € m

Consolidated Debt Position of the Group

Credit Ratings (Long-term):

- **Fitch:** BB stable (28 April, 2023)
- **S&P:** BB- stable (13 October, 2023)



as of 30 September 2023
in € m

* Net Debt definition is in Glossary

INCOME STATEMENT (CUMULATIVE)

Avia Solutions Group

Consolidated statements of comprehensive income		
in € m	9m 2023	9m 2022
Revenue	**1 642.2**	**1 344.5**
Other income	4.8	4.3
Cost of services and goods purchased	(993.5)	(863.4)
Depreciation and amortisation	(156.6)	(84.4)
Employee related expenses	(283.0)	(221.1)
Other operating expenses	(66.2)	(58.4)
Impairment losses of financial assets	(0.2)	(8.9)
Other impairment-related expenses	(2.0)	(4.7)
Other gain/(loss) - net	14.8	42.0
Operating profit (loss)	**160.8**	**150.0**
Finance income	4.6	2.3
Finance cost	(85.1)	(76.6)
Finance costs – net	**(80.6)**	**(74.3)**
Share of profit (losses) of associates	2.5	0.0
Profit (loss) before income tax	**82.7**	**75.7**
Income tax	(11.9)	(20.5)
Profit (loss) for the period	**70.8**	**55.2**

- The group operated additional 54 aircraft at the end of 9m Q3 2023 vs 9m 2022. This was the main reason for the increase in:
  - Depreciation and amortization (€156,6 m vs €84,4 m);
  - Rent of aircraft, training and other equipment (€221,1 m vs €152,3 m);
  - Aircraft repair and maintenance costs (€107,3 m vs €82,8 m);
  - Employee rent and other related personnel expenses (€150,1 m vs €68,0 m);
  - Aircraft operations costs and flight related charges (€80,6 m vs €50,8 m);
- Most of aircraft fuel expenses €217 m in 9m 2023 vs €315 m in 9m 2022 were passed on to customers, and the decline was primarily due to lower fuel prices and lower cargo volumes.
- Other gains down due to less aircraft sales lease-back arrangements this year;

IFRS16 expenses					
in € m	FY 2019 pro-forma	FY 2020	FY 2021	FY 2022	9m 2023
Support services	(4.0)	(10.6)	(9.8)	(10.4)	(9.6)
Logistics and Distribution	(79.1)	(78.8)	(48.3)	(97.4)	(163.1)
Other	(0.4)	(2.9)	(2.5)	(2.8)	(1.7)
TOTAL:	**(83.6)**	**(92.3)**	**(60.6)**	**(110.6)**	**(174.4)**

* Pro-forma definition is in Glossary

FREE CASH FLOW (CUMULATIVE)

Avia Solutions Group

Key cash-flow drivers:

- **Changes in working capital** - mainly driven by increase in security deposits for aircrafts;
- **Operating activities** – high season in ACMI sector started in mid May and will continue until November;
- **Repayment of lease liabilities** – payment for ACMI lease-in aircraft;
- **Other investment activities** – sale of one office building in AeroCity campus;
- **Other financing activities** – bond repurchase 22m USD in 9m 2023 vs 72m USD in 9m 2022.
- **Purchase of PPE** – details provided in slide CAPEX.

Condensed consolidated statements of cash flows: in € m	9m 2023	9m 2022
Changes in working capital	(43.8)	(38.1)
Operating activities	247.9	199.3
Net cash generated from (used in) operating activities	**204.1**	**161.2**
Purchase of PPE and intangible assets	(129.2)	(60.4)
Other investing activities	8.0	24.9
Net cash generated from (used in) investing activities	**(121.2)**	**(35.5)**
Repayment of lease liabilities	(93.4)	(39.2)
Other financing activities	(30.4)	(80.2)
Net cash generated from (used in) financing activities	**(123.8)**	**(119.4)**
Increase (decrease) in cash and cash equivalents	**(41.0)**	**6.3**
Cash and short term deposits at the beginning of period	324.6	441.8
Cash and short term deposits at the end of period	283.6	448.1

CAPEX

- **MRO –** investments into new tooling and equipment
- **Crew Training and Staffing** – expanding training capacities in France and Lithuania
- **Passenger** – acquisition of one aircraft B737 and one airframe, capitalized aircraft preparation and overhaul cost
- **Unallocated** –investments in AeroCity real estate campus – modern cluster of aviation companies in Vilnius.

in € m		Q1 2023	Q2 2023	Q3 2023
Support Services	Aircraft Maintenance, Repair and Overhaul (MRO)	2.0	2.6	3.6
	Aircraft Ground Handling, Fueling and Logistics	0.9	0.5	3.6
	Crew Training and Staffing	3.0	3.2	8.8
	Total as per subgroup	**5.9**	**6.2**	**16.0**
Logistics and Distribution	Passenger	9.4	38.6	7.6
	Cargo	12.2	3.0	5.1
	Total as per subgroup	**21.7**	**41.6**	**12.7**
Unallocated	**Total as per subgroup**	**9.0**	**10.4**	**7.7**
	TOTAL CAPEX	**36.6**	**58.2**	**36.4**

in € m		Q1 2023	Q2 2023	Q3 2023
M&A		**2.0**	**8.0**	**4.3**

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This presentation also contains certain “non-IFRS financial measures”, i.e. financial measures that either exclude or include amounts that are not excluded or included in the most directly comparable measure calculated and presented in accordance with IFRS.

PRO-FORMA FOR 2019:
a) In 2019, the Group was reorganized and grew substantially in size, through the completion of the acquisition of four different groups of companies: SmartLynx Airlines SIA, Avion Express UAB, AviaAM Leasing AB and Chapman Freeborn Holdings Limited (the “Reorganization”);
b) All pro-forma financial statements in this presentation are unaudited and present the Group’s hypothetical results as if the Reorganization (as defined above) had taken place and was completed on 1 January 2019;
c) The information provided in this presentation does not represent and is not intended to be presentation of consolidated financial information in accordance with IFRS, and does not contain all the necessary adjustments that may be required under IFRS and any applicable law. Accordingly, the information contained herein is not comparable to the consolidated periodical financial information released by the Group.

EBITDA: Group's EBITDA is calculated as profit (loss) from continuing operations before income tax plus depreciation and amortisation, finance costs – net, and adjusted for the results of equity-accounted investees and significant non-recurring transactions. EBITDA is presented because in the Group's opinion this is a useful measure of the results of operations. EBITDA is not defined by IFRS and should not be treated as an alternative to the profit (loss) categories provided for in IFRS as a measure of the operating results nor as a measure of cash flows from operating activities based on IFRS. Neither can it be treated as an indicator of liquidity.

ADJUSTMENT is an alternative performance measure used by ASG, which includes material charges or profits caused by movements in provisions related to assets, restructuring, or foreign exchange impacts as well as capital gains/losses from the disposal and acquisition of businesses.

CASH POSITION: ASG defines its consolidated gross cash position as the total of (i) cash and cash equivalents in banks and non-bank global payment providers, and (ii) up to 3 months deposits in banking financial institutions.

NET DEBT: For the purpose of capital risk management, the Group does not include the convertible preferred shares liability in the net debt calculation, since it is not subject to redemption via a cash outflow upon the expected conversion.