Avia Solutions Group

AVIA SOLUTIONS GROUP (ASG) PLC

Annual Report

For the Year Ended 31 December 2023

CONTENTS

(All tabular amounts are in EUR '000)

DIRECTORS' REPORT

Approved by the Board as at 8 April 2024

I. GENERAL INFORMATION

Reporting period	**Year ended 31 December 2023**
Issuer and its contact details	
Name of the Issuer	**AVIA SOLUTIONS GROUP (ASG) PLC** (hereinafter – 'Company Avia Solutions Group (ASG) PLC' or 'the Company' or 'ASG')
Legal form	Public limited company
Date of registration	22nd October 2022
Registered number	727348
Registered office	Building 9, Vantage West, Central Park, Dublin, D18 FT0C, Ireland
Telephone number	+353 1 558 6779
E-mail	info@aviasg.com
Internet address	www.aviasg.com

The Directors present their report together with the audited consolidated financial statements of the Company for the year ended 31 December 2023.

Changes in Group structure

As at 31 December 2023, the Group consisted of the parent company, Avia Solutions Group (ASG) PLC and its subsidiaries and associate which are disclosed in note 1 "General information" in the Consolidated Financial Statements for the year ended 31 December 2023. All changes in the Group structure are presented in Note 33.

As at 31 December 2023 Avia Solutions Group (ASG) PLC headquartered in Building 9, Vantage West, Central Park, Dublin, D18 FT0C, Ireland and had permanent establishment in Republic of Lithuania, Dariaus ir Gireno st. 21a, LT-02189 Vilnius, Lithuania.

In 2023 the previous parent company of the Group, Avia Solutions Group PLC (a company registered in Cyprus), entered into a cross border merger with Avia Solutions Group (ASG) PLC (the Company) with the Company acquiring the assets and liabilities of Avia Solutions Group PLC and becoming the parent company of the ASG Group. For further details refer to Note 23.

Main activities

AVIA SOLUTIONS GROUP (ASG) PLC is a holding company and together with its subsidiaries (hereinafter collectively – the 'Group' or 'ASG Group') are engaged in integrated capacity management services for aviation industry.

Avia Solutions Group (ASG) PLC is one of the global leaders in capacity management in passenger and cargo aviation. Avia Solutions Group (ASG) PLC goal is to become a world-wide leader in end-to-end capacity management solutions for passenger and cargo airlines. ASG Group provides passenger and cargo airlines with aircraft leases under the ACMI model (aircraft, crew, maintenance and insurance), helping aviation industry customers to improve fleet utilization and profitability by moving capacity across countercyclical markets. Group also provides charter and general agency services, as well as support services in aircraft maintenance, ground handling and aviation training.

The Group is organized into business units based on the services provided, and has three operating segments:

- Logistics and Distribution;
- Support Services;
- Unallocated.

Logistics and Distribution Segment

Logistics and Distribution segment provide services using aircraft to airline customers of contracted capacity. This segment includes a wide range of aircraft ACMI services to passenger, cargo and charter clients across a broad spectrum of industries, as well as aircraft sourcing capabilities.

Aircraft, crew, maintenance and insurance (ACMI)

ACMI providers core business is the provision of short- and long-term ACMI services to other carriers and integrators globally, moving capacity across countercyclical markets. ACMI offer primarily wet lease and damp leases of aircraft fleet to passenger and cargo customers.

The ACMI Capacity management concept allows to convert fixed costs into variable, helping carriers and integrators to improve profitability and flexibility while allowing for attractive margins to be earned by ASG Group. This is complemented by strong resilience of business fundamentals due to counter-cyclicality of key revenue drivers. Capacity sharing will increasingly impact the airline industry. The ACMI market is projected to grow in the foreseeable future well above aviation industry average growth rates.

The capacity management model used by ASG, addresses the need for greater efficiency, by tackling economic cycles, different seasonality patterns throughout the globe in passenger traffic and cargo demand fluctuations.

Under the "wet lease" concept, ASG Group (as lessor) provides an aircraft, complete crew, maintenance, and insurance (ACMI) to another airline or broker of air travel (the lessee) who generally pays by hours operated. The lessee is responsible for covering fuel expenses, airport fees and other duties and taxes. Typically, flights are operated under the lessee flight numbers.

Under the "damp leases" concept, ASG Group as an ACMI lessor, provides an aircraft, cockpit crew (pilots), insurance and maintenance, and the lessee provides the cabin attendants.

Charter and Cargo services

ASG Group provides a wide range of aircraft charter services to cargo, passenger, and business charter clients across a broad spectrum of industries. Services include sourcing aircraft to meet the client's charter requirements, ensuring that airlines and operators are thoroughly screened and monitored. Group offers a range of additional services including pre-flight advice and airport representation by operating an in-house division with 24/7 assistance to customers.

ASG Group also focus on providing global air cargo charter solutions, arranging charters for heavy and outsized equipment (e.g., oil and gas equipment, aircraft engines, and vehicles), time critical consignments (such as automotive cargo and manufacturing components) and other types of freight, for companies and suppliers in multiple industries.

ASG Group coordinates ad-hoc and large-scale humanitarian relief flight operations for the United Nations, governments and other aid providers, including airlifts, airdropping, search and rescue flights, delivery of humanitarian goods (such as life-saving medicines, food and equipment), evacuation flights and aircraft leasing.

The Group, also offers specialist air cargo management which operates dedicated widebody cargo aircraft capacity, contracted on an exclusive basis from third party airlines, where offers a wide range of ad-hoc and regular flying capacity to various clients comprising of freight forwarders, block space consolidators and charter brokers.

Logistics and Distribution Aircraft fleet

At 31 December 2023 Group maintained a modern fleet of 200 (out of which 15 comprise a signed LOI (Letter Of Intent). Aircraft consisting of narrow and wide body passenger and cargo Aircraft, dominant types are from Airbus A320 and Boeing B737 families. ASG Group provides integrated capacity management services at 11 AOCs (Air Operators Certificate) to major airlines across the globe.

Support Services Segment

Support Services segment provides services to airlines to support their business. This segment includes aircraft and aircraft components' maintenance services, repair, overhaul, engineering, spare parts and consumable sale, aircraft handling, passengers servicing and into-plane fuelling, full scope of integrated flight training and recruitment solution services, which are a vital part of providing capacity services to clients.

Aircraft Maintenance, Repair and Overhaul (MRO)

ASG Group is a global one-stop-shop providing a wide range of MRO solutions for various Boeing, Airbus, ATR, Embraer, Bombardier CRJ, and other types of aircraft, including aircraft base and line maintenance, component management, engineering services, spare parts and consumable sales, technical training, consulting, engine maintenance management, aircraft parts marketplace services, and other related aircraft services.

Group provides MRO services in 5 aircraft maintenance hangars together with administrative, warehouse and back shop facilities in Soekarno - Hatta International Airport, Jakarta, London Stansted Airport, Vilnius International Airport, Kaunas International Airport, and Glasgow Prestwick Airport.

Line maintenance is defined as maintenance that is carried out before each flight to ensure that the aircraft is airworthy and fit for the intended flight and includes: daily service and weekly checks, unscheduled checks, 24/7 AOG support troubleshooting, defect rectification and minor component replacements.

Aircraft Ground Handling, Fuelling and Logistics

ASG Group operates in 25 airports across Northern and Central Europe, providing ground handling, de-icing, fuelling and fuel logistics services in airports of Denmark, Sweden, Finland, Norway, Czech Republic and Baltic countries.

Group takes care of customer airlines' passengers and the aircrafts while on the ground. This includes Passenger and Baggage Handling, Lounge Services, De-icing, Cargo and full Freight Handling and PRM Services.

Crew Training and Staffing

ASG Group is one of the leading independent aviation training providers. Group training facilities operates in Lithuania, Spain, Vietnam and France. Group holds EASA standard Approved Training Organizations (ATO) in Europe delivering Ab Initio and Type Rating training services. The Group offers a total of more than 45 training programs, including MPL, distance learning and virtual reality-based training options using a fleet of own simulators and a network of over 69 partners' simulators in 19 locations.

Unallocated Segment

The Unallocated segment includes management services, financing activities to subsidiaries and other with non-aviation related activities which cannot be attributed to the other segments. The Group is also engaged in the number of Real Estate projects, mainly serving Group expansion needs.

II. FINANCIAL AND OPERATIONAL INFORMATION

The consolidated financial statements of the Group have been prepared according to International Financial Reporting Standards as adopted by the European Union.

In 2023 Avia Solutions Group (ASG) PLC and its subsidiaries (hereinafter – the Group) generated net profit of EUR 68.2 million (in 2022 net profit - EUR 11.7 million). The consolidated revenue has increased up to EUR 2 262.7 million, or by around 22.1% as compared with EUR 1 852.7 million in 2022.

Key Financial figures of the Group

Financial figures	**2023**	2022	**Change**
Revenue (EUR thousand)	2 262 773	1 852 686	+22.1%
Operating profit (EUR thousand)	159 657	161 977	-1.4%
Operating profit margin (%)	7.1	8.7	-1.6 p.p.
Cash generated from operating activities	268 214	173 521	+54.6%
Adjusted EBITDA	392 111	288 175	+36.1%
Adjusted EBITDA margin (%)	17.3	15.6	1.7 p.p.

Breakdown of reported vs. adjusted	**EBITDA**		
	2023	2022	**Change**
Reported	**398 937**	**276 758**	**+44.1%**
Russia-Ukraine War impact	-	12 842	
Lease modifications, terminations and waived debt	-	(7 426)	
Sale of previously impaired debts	(19 571)	-	
Other non-recurring expenses	12 745	6 001	
Adjusted	**392 111**	**288 175**	**+36.1%**

Financial ratios	**2023**	2022
Return on equity (ROE) (%) (adjusted)	19.6	27.0
Gearing ratio (%)	74.5	55.4
Equity to total assets ratio (%)	14.2	18.0
Liquidity ratio	0.8	1.5

EBIT **=** *Operating profit*
EBITDA **=** *Operating profit for the period – Depreciation and amortization*
Adjusted EBITDA **=** *EBIDTA adjusted for financial impacts, which normalize operational result by excluding material non-recurring or non-cash impacts (alternative performance measure analysed by chief operating decision makers)*
Gross profit **=** *Revenue – Cost of goods and services*
Return on equity (ROE) (%) (adjusted) **=** *Adjusted net profit for the period / Total equity*
Gearing ratio **=** *Net debt / (Net debt + Total equity), Net debt = Borrowings – Cash and cash equivalents*
Equity ratio **=** *Total equity / Total assets*
Liquidity ratio *= Current assets/ Current liabilities*
Borrowings *= Non-current borrowings + Non-current lease liabilities + Current borrowings + Current lease liabilities*

Key Segment figures

In 2023 Logistics and Distribution Segment Revenues to external customers grew 24.4% and reached EUR 1.562 billion, mainly due to increased demand of Passenger ACMI and Charter operations, resulting in Segment Operating profit of EUR 129.4 million, earning sustainable adjusted EBITDA margin of 21.1%. The operating profit margin decreased year over year due associated induction costs of 45 aircrafts in the fleet per year 2023.

Support Services segment Revenues growth to external customers in 2023 was 17.5% mainly due to increased airport traffic and MRO services demand and reached EUR 660.4 million in 2023. Support services Operating profit for 2023 was EUR 53.6 million with adjusted EBITDA margin of 11.0%.

	Logistics and Distribution			Support Services		
Key financial figures by segments	**2023**	2022	%	**2023**	2022	%
Sales to external customers	1 562 148	1 255 680	24.4%	660 367	562 023	17.5%
Inter-segment sales	5 211	5 491	-5.1%	44 553	45 795	-2.7%
Total revenue	1 567 359	1 261 171	24.3%	704 920	607 818	16.0%
Gross profit	474 809	328 837	44.4%	373 232	297 215	25.6%
Operating profit	129 366	145 825	-11.3%	53 603	16 199	230.9%
EBITDA	336 296	233 488	44.0%	79 583	35 908	121.6%
Non-recurring effects**	(6 220)	(1 425)		(1 987)	6 623	
Adjusted EBITDA	330 076	232 063	42.2%	77 596	42 531	82.4%
Adjusted EBITDA margin %	21.1%	18.4%		11.0%	7.0%	

Key Operating figures of the Group

	2023	2022	**Change**
Block Hours Passenger (hours)	260 966	143 810	+81.5%
Block Hours Cargo (hours)	35 337	39 937	-11.5%
Number of aircraft at the end of the period (owned or leased)	200	173	+27
Number of aircraft turnarounds (thousand)	174	161	+8.1%
Training simulators number of hours sold (thousand)	60	73	-17.8%
Number of training simulators at the end of the period (owned or leased)	13	10	+3
Number of sold man-hours in MRO (thousand)	1 334	810	+64.7%

* Includes 8 signed aircraft letters of intent in 2023 (2022: 26).

**The non-recurring effect for segments 2022 were reanalysed and amended compared to prior period.

Compared to previous reporting the Group ceased to present 'Cargo Gross Revenue under management', 'Adjusted net profit', 'Conversion rate', since management is no longer regularly analysing these performance measures.

Revenue related to operations

The total consolidated Group revenue for the year ended 31 December 2023 was EUR 2 262.8 million, an increase of 22.1% over the total revenue of EUR 1 852.7 million for the year ended 31 December 2022.

During the period there was significant revenue growth in the Logistics and Distribution Services segment as compared to the same period in 2022. Revenue to external customers in this segment increased by 24.4% and amounted to EUR 1 562.1 million in 2023 as compared to EUR 1 255.7 million in 2022. The growth was impacted primarily by significant demand for ACMI services.

In 2023 the Support Services segment revenue to external customers increased by 17.5% and amounted to EUR 660.4 million in 2023 as compared to EUR 562.0 million in 2022. The growth was driven by increased demand from the recovering aviation industry, which contributed to increased service delivery.

Expenses related to operations

Due to significant growth in Logistics and Distribution as mentioned above, cost of goods purchased during 2023 increased by 49.0% to EUR 168.9 million as compared with EUR 113.4 million in 2022. Costs of purchased services decreased by 29,8% to EUR 105.2 million during 2023 as compared with EUR 149.9 million in 2022.

Rent of aircraft, training and other equipment expenses increased by 38.1% and amounted to EUR 289.0 million in 2023 as compared to EUR 209.3 million during 2022 as a result of significant increased ACMI activities. In 2023, the relative costs as part of revenue increased to 12.8% from 11% in 2022.

The employee related expenses during 2023 increased by 29.1% to EUR 395.8 million compared with EUR 306.6 million in 2022 due to the increased number of employees during 2023. In 2023, the relative employee expenses as a percentage of revenue amounted to 17%, the same as in 2022.

On overall level despite growth in expenses, gross profit margin of the Group has increased.

Balance sheet and cash flow

During 2023 total assets of the Group increased by 39.2% to EUR 2 442.3 million as comparing with EUR 1 754.3 million as at 31 December 2022 primarily due to significantly increased right of use assets in ACMI entities for secured aircraft capacity in Logistics & Distribution segment.

During the year total liabilities increased by 46.5% up to EUR 2 094.4 million as comparing with EUR 1 429.9 million as at 31 December 2022 primarily due to significant increase lease liabilities related to growth in Logistics & Distribution segment.

During the year net cash flow used in investing activities was EUR 180.1 million. The Group invested EUR 213.7 million to purchase property, plant and equipment and intangible assets. The majority of investments were related to expansion of the Group for future revenue generation.

During the year net cash flow used in financing activities was EUR 208.7 million which was primarily due to of repurchases of issued bonds (net outflow EUR 19.8 million) and decrease in lease liabilities (net outflow EUR 151.4 million).

Information about related party transactions

Information about related party transactions is provided in Note 34 of the Group's Financial Statements.

(All tabular amounts are in EUR '000)

Investments into property, plant and equipment

The Group has increased the level of its assets by investing in property, plant and equipment for the total amount of EUR 217.1 million (during 2022: EUR 148.6 million). The majority of capital investments were used for aircraft acquisitions, aircraft lease, capital improvement of aircraft and acquisitions of full flight simulators.

	2023	2022	**Change**
Logistics and Distribution	142 662	116 452	+22.5%
Support Services	40 041	18 418	+117.4%
Unallocated	34 396	13 704	+151.0%
Total investments	**217 099**	**148 574**	**+46.1%**

All details concerning the non-current assets of the Group are presented in (Notes 5, 16 and 17).

Environmental, Social and Governance (ESG)

In order to prepare for compliance with the Corporate Sustainability Reporting Directive (CSRD), the Group is presently engaged in developing a comprehensive double materiality assessment across its most significant operations. This assessment aims to identify the most material impacts, risks, and opportunities concerning environmental, social, and governance (ESG) matters, guiding the organization's ESG strategic focus. Using this insight, the Group will evaluate future initiatives and commitments related to climate change and other ESG aspects, taking into account potential financial implications.

The outcomes of this double materiality assessment, highlighting the most critical ESG impacts, risks, and opportunities, will be presented to the organization's senior management. Their feedback will be carefully reviewed, and any necessary revisions managed accordingly.

Risk management

The main risk factors associated with the activities of the Group are as follows:

- Strategic risk;
- Changes in the legal regulation of the Group's activities;
- Competition with other market players;
- Currencies' exchange rates fluctuation;
- Safety, Health and Environmental (SHE) risks.

Strategic risk arises from adverse or erroneous business decisions, improper decisions implementation or lack of response to any political or regulatory developments. In 2023 the Group was constantly monitoring its' strategic risk.

Changes in the legal regulation of the Group's activities risk is a risk of an increase in the loss and (or) loss of goodwill and a decrease of trust which can be due to external factors (such as violation of law, regulatory non-compliance, failure to comply with contractual obligations with third parties) or internal factors (such as violations of ethical standards, failure to comply with internal regulations internal fraud, etc.). The legal department manages the Group's legal compliances risks and are also involved in the review process for agreements, contracts etc.

An economic downturn could have a significant detrimental effect on the achievement of the targets. This effect could be aggravated by *volatility in currencies*. The sensitivities to variations in several key currencies are analysed at the end of each quarter. The Group will proceed with its profit protection plans, including further control on operating working capital.

The Group has strict safety policies which mitigate *Safety, Health and Environmental (SHE) risks*.

Competition with other market players risk arises when price pressure and other competitive challenges may cause the profitability of the Group's activities to deviate from the projected levels. Group's management is constantly monitoring the market and relevant decisions to increase competitiveness are being made.

The Group's activities expose it to the following financial risks: market risk (including foreign exchange risk, and cash flow and fair value interest rate risk), credit risk, liquidity risk. The Group's Policy for Treasury Management focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects of the financial performance of the Group.

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures primarily with respect to US Dollar (USD). Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities. Foreign exchange risk is controlled by monitoring the foreign currency exposure of its purchase contracts and lease commitments. The Group seeks to reduce its foreign rate exchange exposure through a policy of matching possible receipts and payments in each individual currency.

The Group's interest rate risk arises from short-term and long-term bank borrowings and finance lease liabilities at floating interest rates. The Group is not exposed to fair value interest rate risk as loans granted to related parties and interest free deposit placed as a guarantee for lease of aircraft are accounted at amortized cost and are with fixed interest rate.

Credit risk arises from cash and cash equivalents and deposits with banks, financial institutions, shareholders and their related parties, lessor as well as credit exposures to customers, including outstanding receivables and committed transactions. Credit risks are controlled by the application of credit terms and monitoring procedures. The Group's procedures are in force to ensure that services are sold only to customers with an appropriate credit history and do not exceed acceptable credit exposure limit. Cash transactions are limited to high credit quality financial institutions.

Liquidity risk management implies maintaining sufficient cash and the availability of funding through other group companies. Liquidity risk is managed by the General Managers of entities of the Group in close cooperation with the Company to maintain a minimum required liquidity position.

More detail information about the Group's financial risk management is provided in Note 3 of these Financial Statements.

Going concern

In management's view, the Group will have sufficient resources to continue for a period of at least 12 months from the date of authorisation of these financial statements. Management concluded that the range of possible outcomes considered at arriving at this judgment does not give rise to material uncertainties related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern for at least twelve months from the date of approval of the financial statements. For further details refer to Note 4.

Climate change

The management has taken note of global awareness and concerns about the potential impact of climate change. Currently, this matter has had no significant impact on the financial statements, but Management continues to monitor developments in this area.

(All tabular amounts are in EUR '000)

III. INFORMATION ABOUT SHARE CAPITAL AND SHAREHOLDERS

Share capital

On 31 December 2023 the share capital of the Company amounted to EUR 22 555 555 and consisted of 77 777 777 ordinary registered shares with a nominal value of 0.29 Euro each and 19 444 444 convertible preferred shares of nominal value of EUR 0.29 each. All shares were fully paid up.

On 17 July 2023, the shareholders of the Company approved a special resolution authorising the reduction and cancellation of EUR 1 461 805 thousand standing to the credit of the share premium account of the Company resulting from the allotment and issue of ordinary shares and convertible preferred shares under the terms of the Merger and thereby increasing the Company's profits available for distribution within the meaning of section 117 of the Companies Act 2014. In furtherance of that resolution, the board of directors of the Company resolved on 22 June 2023 to approve the reduction of the share premium account by EUR 1 461 805 thousand. On 2 October 2023, the High Court of Ireland confirmed the reduction and cancellation of share premium of EUR 1 461 805 thousand. This resulted in an increase of the Company's distributable profits and a transfer of an amount of EUR 1 167 444 thousand in reserves from the share premium account to the profit and loss reserve account arising from the capital reduction of the share premium arising on ordinary shares classified within equity of the same amount with effect from October 11, 2023 (being the date on which the order of the High Court approving the capital reduction was registered by the Registrar of Companies).

On 31 December 2023 the share premium of the Company amounted to EUR 10 000 thousand and on 31 December 2022 the share premium of the Company amounted to EUR 282 158 thousand.

Shareholders

Shareholders, holding more than 5 per cent of the share capital and votes, as on 31 December 2023:

		31 December 2023		31 December 2022	
		Number of shares	**Percentage owned**	**Number of shares**	**Percentage owned**
1	FZE Procyone	37 702 473	48.47%	37 702 469	48.47%
2	Vertas Aircraft Leasing Ltd.	17 078 622	21.96%	17 078 622	21.96%
3	Mesotania Holdings Ltd.	11 416 335	14.68%	11 416 335	14.68%
4	Other Shareholders	11 580 347	14.89%	11 580 351	14.89%
	Total issued ordinary shares	**77 777 777**	**100.00%**	**77 777 777**	**100.00%**
	Treasury shares	-	-	(128 514)	0.17%
	Total	**77 777 777**		**77 649 263**	
	Certares Compass LLC	19 444 444	100.00%	19 444 444	100.00%
	Total convertible preferred shares	**19 444 444**	**100.00%**	**19 444 444**	**100.00%**

The number of shares directly owned by the Board of Directors as on 31 December 2023 is listed in the table below:

Name	Role in the Company's Management	Number of shares	%
Jonas Janukenas	Member of the Board of Directors, CEO of Avia Solutions Group PLC	174 535	0.22
Zilvinas Lapinskas	Member of the Board of Directors, CEO of FL Technics UAB	247 205	0.32
Linas Dovydenas	Member of the Board of Directors	306 938	0.39
Pascal Jean Alexandre Picano	Member of the Board of Directors	30 000	0.04

From February 2019, the ultimate controlling party of the Group is Mr. Gediminas Ziemelis. Before February 2019, there was no ultimate controlling party, just entities having significant influence. There were no changes in the ultimate controlling party during 2023. The number of shares indirectly owned by Mr. Gediminas Ziemelis as of 31 December 2023 was 57 622 867 with effective ownership of 74,09% (2022: 57 622 863 - 74.09%).

Treasury shares

As at 31 December 2023 the Group has 0 treasury shares which are deducted from equity attributable to the Group's equity holders. As at 31 December 2022 the Group has 128 514 treasury shares which are deducted from equity attributable to the Group's equity holders.

Shareholders' rights

As at 31 December 2023 the Group had no outstanding treasury shares (128 514 as at 31 December 2022) which are deducted from the equity attributable to the Group's equity holders.
None of the ordinary shareholders of the Company have any special controlling rights. Rights of all ordinary shareholders are equal. One ordinary registered share of Avia Solutions Group (ASG) PLC gives one vote in the General Meeting of Shareholders.

The Company is not aware of any agreements between the shareholders that could limit transfer of securities and/or their ability to exercise their voting rights.

Type of shares	Number of shares	Nominal value in EUR	Total nominal value in EUR
Ordinary registered shares	77 777 777	0.29	22 555 555
Convertible preferred shares	19 444 444	0.29	5 638 889

Dividends

On 24 May 2022, the Group declared a dividend amounting to EUR 30 000 thousand to its shareholders. On 24 October 2023, the Group declared a dividend amounting to EUR 25 000 thousand to its shareholder. At Group level EUR 1 540 thousand were paid to minority shareholders. The Group has paid EUR 583 thousand dividends to the minority shareholders during the year ended 31 December 2022.

IV. INFORMATION ABOUT BOARD OF DIRECTORS

Board of Directors is a collegial management body of the Company consisting of six members. The election of Directors ensures that the principle of proper representation of the rights of all shareholders in the Board of Directors is ensured.

The table below indicates the elected members of the Board at the balance sheet date:

Name	Position within the Company
Gediminas Ziemelis	Chairman of the Board of Directors
Jonas Janukenas	Member of the Board of Directors, CEO of Avia Solutions Group
Zilvinas Lapinskas	Member of the Board of Directors, CEO of FL Technics UAB
Linas Dovydenas	Member of the Board of Directors
Pascal Jean Alexandre Picano	Member of the Board of Directors
Thomas Klein	Member of the Board of Directors

On Group level all of them were members of the Board throughout the year 2023, except for Mr Vygaudas Usackas who resigned as a Director of the Company on 1 February 2023, on the same date, Mr Pascal Jean Alexandre Picano was appointed as a Director of the Company.

V. OTHER INFORMATION

Information about trading in the Company's securities

As at 31 December 2023 and 31 December 2022 equity securities of the Company and the Company's subsidiaries are not publicly traded.

Accounting records

The Directors are responsible for ensuring that adequate accounting records are maintained by the Company as required by Sections 281-285 of the Companies Act, 2014. The Directors believe that they have complied with this requirement by providing adequate resources to maintain proper books and accounting records throughout the Group including the appointment of personnel with appropriate qualifications, experience and expertise. The books and accounting records of the Company are maintained at its registered ofifce and Dariaus ir Gireno st. 21A, LT-02189 Vilnius, Lithuania.

Audit committee

The Directors of the Company discussed at the length the range of internal controls and financial oversight procedures in place at the Company and Group level, together with details of anticipated further investment in additional systems and internal auditing practices within the Group and concluded that it was comfortable with the efficacy of audit compliance function as currently comprised and that it was of sufficient scale and sophistication to perform appropriate internal audit activities for the Company. After due and careful consideration by the Directors it was resolved that the Company should avail of the Opt-Out Audit Committee requirements for the current financial year and that this matter would be kept under review by the Directors going forward.

Directors compliance statement

The directors acknowledge that they are responsible for securing the company's compliance with its relevant obligations. The directors confirm that;

1) A compliance policy statement setting out the company's policies, that in our opinion are appropriate to the company, respecting compliance by the company with its relevant obligations has been drawn up.

2) Appropriate arrangements or structures that are designed to secure material compliance with the company's relevant obligations have been put in place.

3) A review of the arrangements and structures referred to at 2 above has been conducted during the financial year ended 31 December 2023.

Directors and secretary

Jonas Janukenas and Vygaudas Usackas were appointed directors of the Company on 10 October 2022 and were the only individuals who served as directors of the Company during the financial period of 2022. During 2023 Gediminas Ziemelis, Zilvinas Lapinskas, Linas Dovydenas, Thomas Klein, and Pascal Jean Alexandre Picano were appointed as Board of Directors of the Company on 1 March 2023. In accordance with section 329 of the Companies Act 2014, the Directors and secretary who held office at December 31, 2023 the interests in the shares of the Company are disclosed in section III above.

Political contribution

The Company has made no political donations or incurred any political expenditure during the period.

Disclosure of information to statutory auditors

The Directors confirm that the following matters have been done under section 225(2) in fulfilling its responsibilities:
• As far as the Directors are aware, there is no relevant audit information of which the Company's statutory auditors are unaware; and
• The Directors have taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's statutory auditors are aware of that information.

Research and development

One of the Company's subsidiaries is on the constant development of software tailored to our Group's unique needs. This internally crafted system serves for the business development strategies, offering tailored solutions that propel the Groups growth and efficiency. By leveraging our own innovations, we gain a competitive edge while ensuring alignment with our specific objectives and workflows.

Events after the balance sheet date

The material post balance sheet events, which have a bearing on the understanding of the consolidated financial statements are disclosed in Note 38.

Auditors

The Independent auditors, PricewaterhouseCoopers, have expressed their willingness to continue in office. A resolution giving authority to the Board of Directors to fix auditors remuneration will be proposed at the Annual General Meeting.

VI. NON-FINANCIAL STATEMENT

The business model of Avia Solutions Group (ASG) PLC operates primarily in the aviation industry, the Group provides aircraft capacity with logistics & distributions services and provides supporting services.

i. Environmental Matters: the Group is committed to focus on minimizing our environmental impact by implementing sustainable practices, reducing emissions, and conserving natural resources.

ii. Social and Employee Matters: the Group prioritizes the well-being and safety of our employees, fostering a diverse and inclusive workplace culture while adhering to labour laws and regulations.

iii. Respect for Human Rights: the Group seeks to uphold human rights principles in all aspects of our operations, ensuring fair treatment and dignity for all individuals involved, including employees, customers, and stakeholders.

iv. Bribery and Corruption: the Group maintains a zero-tolerance policy towards bribery and corruption, adhering strictly to anti-corruption laws and regulations, and promoting ethical conduct in all business dealings.

In relation to the significant matters above, the Group has adopted the following policies, which describe principal risks and mitigating actions in respect of each area. They are available on the Groups website.

- Environmental Management System Policy
- Aviation Safety Policy
- Human Rights Statement Policy
- Prevention of Violence and Harassment Policy
- Privacy policy
- Suppliers Code of Conduct
- Anti-Corruption Policy
- Anti-Bribery Policy
- Whistleblowing Policy
- Enterprise Risk Management Policy
- Information Security Policy

Non-financial key performance indicators relevant to the business are disclosed in section II of the Directors' report.

Managing Director
Jonas Janukenas

Director
Zilvinas Lapinskas

BOARD OF DIRECTORS AND OTHER OFFICERS

Board of Directors:

Gediminas Ziemelis
Jonas Janukenas
Zilvinas Lapinskas
Linas Dovydenas
Thomas Klein
Vygaudas Usackas (resigned on 1 February 2023)
Pascal Jean Alexandre Picano (appointed on 1 February 2023)

Company Secretary:

HMP Secretarial Limited
Riverside One
Sir John Rogerson's Quay
Dublin, D02 X576, Ireland

Registered office:

Building 9, Vantage West
Central Park
Dublin, D18 FT0C, Ireland

Registration number:

727348

Auditors:

PricewaterhouseCoopers
Chartered Accountants and Statutory Audit Firm
One Spencer Dock
North Wall Quay
Dublin 1, Ireland

DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors are responsible for preparing the Directors' report and the financial statements in accordance with Irish law.

Irish law requires the directors to prepare Group and Company financial statements for each financial year. Under that law they have elected to prepare Group financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by European Union and have prepared the parent Company financial statements in accordance with Generally Accepted Accounting Practice in Ireland (accounting standards issued by the Financial Reporting Council of the UK, including Financial Reporting Standard 101 "Reduced Disclosure Framework" and Irish law).

Under Irish law the Directors shall not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Group and Company as at the end of the financial year and of its profit or loss of the Group for the financial year.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The Directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the assets, liabilities, financial position and profit or loss of the Group and the Company and enable them to ensure that the financial statements comply with the Companies Act 2014 and enable those financial statements to be audited.

They are responsible for such internal controls as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities. The Directors are also responsible for preparing a Directors' report that complies with the requirements of the Companies Act 2014.

Approved and authorised by the Board on 8 April 2024 and signed on its behalf by:

Managing Director
Jonas Janukenas

Director
Zilvinas Lapinskas

Independent auditors' report to the members of Avia Solutions Group (ASG) Public Limited Company

Report on the audit of the financial statements

Opinion

In our opinion:

- Avia Solutions Group (ASG) Public Limited Company's consolidated financial statements and parent company financial statements (the "financial statements") give a true and fair view of the group's and the parent company's assets, liabilities and financial position as at 31 December 2023 and of the group's profit and cash flows for the year then ended;
- the consolidated financial statements have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with Generally Accepted Accounting Practice in Ireland (accounting standards issued by the Financial Reporting Council of the UK, including Financial Reporting Standard 101 "Reduced Disclosure Framework" and Irish law); and
- the financial statements have been properly prepared in accordance with the requirements of the Companies Act 2014.

We have audited the financial statements, included within the Annual Report, which comprise:

- the Consolidated Balance Sheet as at 31 December 2023;
- the Company Balance Sheet as at 31 December 2023;
- the Consolidated Statement of Profit or Loss and the Consolidated Statement of Other Comprehensive Income for the year then ended;
- the Consolidated Statement of Cash Flows for the year then ended;
- the Consolidated Statement of Changes in Equity for the year then ended;
- the Company Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a description of the accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) ("ISAs (Ireland)") and applicable law. Our responsibilities under ISAs (Ireland) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, which includes IAASA's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or the parent company's ability to continue as a going concern for a period of at least twelve months from the date on which the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's or the parent company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Directors' Report, we also considered whether the disclosures required by the Companies Act 2014 (excluding the information included in the "Non Financial Statement" as defined by that Act on which we are not required to report) have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (Ireland) and the Companies Act 2014 require us to also report certain opinions and matters as described below:

- In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report (excluding the information included in the "Non Financial Statement" on which we are not required to report) for the year ended 31 December 2023 is consistent with the financial statements and has been prepared in accordance with the applicable legal requirements.
- Based on our knowledge and understanding of the group and parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' Report (excluding the information included in the "Non Financial Statement" on which we are not required to report).

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement set out on page 10, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view.

The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the IAASA website at:

https://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf

This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with section 391 of the Companies Act 2014 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2014 opinions on other matters

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion the accounting records of the parent company were sufficient to permit the parent company financial statements to be readily and properly audited.
- The Company Balance Sheet is in agreement with the accounting records.

Other exception reporting

Directors' remuneration and transactions

Under the Companies Act 2014 we are required to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by sections 305 to 312 of that Act have not been made. We have no exceptions to report arising from this responsibility.

Rose-Marie McNamara.

Rose-Marie McNamara
for and on behalf of PricewaterhouseCoopers
Chartered Accountants and Statutory Audit Firm
Dublin
9 April 2024

(All tabular amounts are in EUR '000)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	Year ended 31 December 2023	2022
Revenue	5	**2 262 773**	**1 852 686**
Other income	5, 6	3 466	2 832
Cost of services and goods	5, 10	(1 406 560)	(1 193 407)
Depreciation and amortisation	5, 8, 16, 17	(239 280)	(114 781)
Employee related expenses	5, 7	(395 763)	(306 593)
Other operating expenses	5, 11	(97 360)	(79 919)
(Increase) in the provision for impairment of financial assets	5, 14	(919)	(12 251)
(Increase) in the provision for impairment of non-financial assets	5, 14	(3 303)	(13 635)
Other gains - net	5, 9	36 603	27 045
Operating profit	5	**159 657**	**161 977**
Finance income	12	24 747	3 901
Finance costs	12	(114 979)	(83 341)
Finance costs – net	12	**(90 232)**	**(79 440)**
Share of profit/(loss) of equity-accounted investees	18	2 706	(55 091)
Profit before income tax		**72 131**	**27 446**
Income tax (expenses)	13	(3 945)	(15 779)
Profit for the year		**68 186**	**11 667**
Profit attributable to:			
Equity holders of the parent		64 971	9 560
Non-controlling interests	26	3 215	2 107
		68 186	**11 667**

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

	Notes	Year ended 31 December 2023	2022
Other comprehensive (expense)/income			
Items that may be reclassified to profit or loss			
(Loss)/gain on cash flow hedges, net of tax	36	(390)	1 844
Exchange differences on translation of foreign operations		(11 394)	5 678
Other comprehensive (expense)/income for the year		**(11 784)**	**7 522**
Total comprehensive income for the year attributable to:			
Equity holders of the parent		53 159	16 978
Non-controlling interests		3 093	2 211
Total comprehensive income		**56 252**	**19 189**

(All tabular amounts are in EUR '000)

CONSOLIDATED BALANCE SHEET - ASSETS

	Notes	As at 31 December 2023	2022
Non-current assets			
Property, plant and equipment	16	1 410 635	776 321
Investment property	16	41 151	41 640
Intangible assets	17	136 984	110 215
Investments accounted for using the equity method	18	348	349
Deferred tax assets	30	38 486	17 646
Financial assets at fair value through profit or loss	31	1 289	1 649
Non-current derivative financial instruments	36	2 774	5 513
Long-term bank deposits		865	859
Non-current trade and other receivables	21	112 618	81 120
		1 745 150	**1 035 312**
Current assets			
Inventories	20	126 255	89 855
Trade and other receivables	21	327 359	259 040
Financial assets at fair value through profit or loss	31	371	600
Contract assets	22	35 986	24 701
Prepaid income tax		3 729	4 410
Short-term bank deposits		2 944	1 504
Cash and cash equivalents	23	200 553	324 718
		697 197	**704 828**
Non-current assets classified as held for sale	16, 23	**-**	**14 162**
Total assets	5	**2 442 347**	**1 754 302**

CONSOLIDATED BALANCE SHEET – EQUITY AND LIABILITIES

	Notes	As at 31 December 2023	2022
Equity attributable to the Group's equity shareholders			
Share capital	24	22 556	22 556
Share premium	24	10 000	282 158
Other reserves	35, 25	1 994	860
Treasury shares	24	-	(1 644)
Merger reserve	25	(456)	(456)
Fair value reserve	36, 25	3 496	3 886
Cumulative translation differences		(9 069)	2 353
Retained earnings		313 360	1 816
Equity attributable to equity holders of the parent		**341 881**	**311 529**
Non-controlling interests	26	6 000	4 088
Total equity		**347 881**	**315 617**
Convertible preferred shares	37	352 576	325 726
Lease liabilities	27	786 959	363 171
Borrowings	27	29 985	234 090
Security deposits received	29	845	1 068
Trade and other payables	28	7 705	12 387
Provisions	19	15 813	8 767
Deferred income tax liabilities	30	17 863	11 151
Derivative financial instruments	36	1 464	195
Non-current liabilities		**1 213 210**	**956 555**
Trade and other payables	28	306 400	238 744
Provisions	19	36 114	19 309
Lease liabilities	27	219 148	106 285
Borrowings	27	184 749	14 307
Contract liabilities	5	98 155	57 327
Security deposits received	29	17 632	11 282
Derivative financial instruments	36	141	-
Current income tax liabilities		18 917	26 118
Current liabilities		**881 256**	**473 372**
Total liabilities		**2 094 466**	**1 429 927**
Non-current liabilities classified as held for sale	16, 23	**-**	**8 758**
Total equity and liabilities	5	**2 442 347**	**1 754 302**

Consolidated Financial Statements have been approved and signed on 8 April 2024:

Managing Director
Jonas Janukenas

Director
Zilvinas Lapinskas

(All tabular amounts are in EUR '000)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity attributable to equity holders of the Group										
	Share capital	Share premium	Treasury shares	Merger reserve	Other reserve	Fair value reserve	Currency translation differences	Retained earnings	Total	Non-control-ling interests	Total equity
Balance at 1 January 2022	**22 556**	**282 158**	**(12)**	**(456)**	**596**	**2 042**	**(3 221)**	**21 449**	**325 112**	**3 267**	**328 379**
Comprehensive income											
Net gain on cash flow hedge (Note 2.20)	-	-	-	-	-	1 844	-	-	**1 844**	-	**1 844**
Currency translation difference	-	-	-	-	-	-	5 574	-	**5 574**	104	**5 678**
Profit for the period	-	-	-	-	-	-	-	9 560	**9 560**	2 107	**11 667**
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**1 844**	**5 574**	**9 560**	**16 978**	**2 211**	**19 189**
Transactions with owners											
Dividend declared (Note 24)	-	-	-	-	-	-	-	(30 000)	**(30 000)**	(583)	**(30 583)**
Purchase of interest in subsidiary	-	-	-	-	-	-	-	807	**807**	(807)	**-**
Allocation to share-based payment reserves	-	-	-	-	264	-	-	-	**264**	-	**264**
Acquisition of treasury shares	-	-	(1 632)	-	-	-	-	-	**(1 632)**	-	**(1 632)**
Total transactions with owners	**-**	**-**	**(1 632)**	**-**	**264**	**-**	**-**	**(29 193)**	**(30 561)**	(1 390)	**(31 951)**
Balance at 31 December 2022	**22 556**	**282 158**	**(1 644)**	**(456)**	**860**	**3 886**	**2 353**	**1 816**	**311 529**	**4 088**	**315 617**
Comprehensive income											
Net loss on cash flow hedge (Note 2.20)	-	-	-	-	-	(390)	-	-	**(390)**	-	**(390)**
Currency translation difference	-	-	-	-	-	-	(11 422)	-	**(11 422)**	(122)	**(11 544)**
Profit for the period	-	-	-	-	-	-	-	64 971	**64 971**	3 215	**68 186**
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**(390)**	**(11 422)**	**64 971**	**53 159**	**3 093**	**56 252**
Transactions with owners											
Dividends paid	-	-	-	-	-	-	-	(24 996)	**(24 996)**	(1 540)	**(26 536)**
Purchase of interest in subsidiary (Note 33)	-	-	-	-	-	-	-	-	**-**	359	**359**
Merger accounting impact (Note 23)	-	895 286	-	(895 286)	-	-	-	-	**-**	-	**-**
Transfer of merger reserve (Note 23)	-	-	-	895 286	-	-	-	(895 286)	**-**	-	**-**
Allocation to share-based payment reserves	-	-	-	-	1 134	-	-	-	**1 134**	-	**1 134**
Capital reduction	-	(1 167 444)	-	-	-	-	-	1 167 444	**-**	-	**-**
Sale of treasury shares	-	-	1 644	-	-	-	-	(589)	**1 055**	-	**1 055**
Total transactions with owners	**-**	**(272 158)**	**1 644**	**-**	**1 134**	**-**	**-**	**246 573**	**(22 807)**	(1 181)	**(23 988)**
Balance at 31 December 2023	**22 556**	**10 000**	**-**	**(456)**	**1 994**	**3 496**	**(9 069)**	**313 360**	**341 881**	**6 000**	**347 881**

(All tabular amounts are in EUR '000)

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	Year ended 31 December 2023	2022*
Operating activities			
Profit for the year		68 186	11 667
Income tax expense	13	3 945	15 779
Adjustments for:			
Depreciation and amortisation	5, 8, 16, 17	239 280	114 781
Increase in the provision for impairment of financial assets and other impairment-related expenses	5, 14	4 222	25 886
Interest expenses	12	82 481	47 690
Foreign exchange (gain)/loss		(16 743)	7 001
Discounting effect on financial assets	12	3 010	3 260
Fair value loss	12	26 685	26 441
Changes in other reserves		1 134	265
(Gain) on property, plant and equipment disposals and write-offs		(8 391)	(14 615)
Loss of other investment disposals		-	50
(Gain) on bonds repurchase	12	(498)	(2 241)
(Gain) on termination/modification of lease agreements	9	(1 733)	(6 446)
(Gain) on subsidiaries disposal (as adjusted for leaseback transaction)	33, 9	(9 853)	(2 396)
Amortisation of government grants	2.20, 6	(106)	(192)
Interest income	6, 12	(6 940)	(3 505)
Share of (profit)/loss of associates		(2 706)	55 091
Changes in operating assets and liabilities:			
- Inventories		6 901	3 298
- Trade and other receivables, contract assets		(76 500)	(42 187)
- Security deposits placed		(36 044)	(28 291)
- Accrued expenses for certain contracts		(86)	(1 351)
- Trade and other payables, advances received/contract liabilities		80 396	16 476
- Security deposits received		10 664	9 332
Cash generated from operating activities		**367 304**	**235 793**
Interest received	12	5 272	2 337
Interest paid		(79 833)	(44 188)
Income tax paid		(24 529)	(20 421)
Net cash generated from operating activities		**268 214**	**173 521**

	Notes	Year ended 31 December 2023	2022*
Investing activities			
Purchase of property, plant and equipment		(204 822)	(154 722)
Purchase intangible assets		(8 962)	(4 348)
Proceeds from property, plant and equipment and intangible assets disposal		21 152	3 900
Acquired aircrafts in relation to sale leaseback		-	(81 411)
Proceeds from aircraft sale leaseback		6 621	98 738
Purchase of other investment		(18)	(607)
Sales of other investment		227	287
Loans granted		(4 541)	(5 108)
Repayments of loans granted		2 876	3 139
Bank deposits placed		(1 500)	(1 553)
Repayments of bank deposits placed		-	226 651
Purchase of subsidiaries (net of cash acquired)	33	(9 473)	-
Sales of subsidiaries (net of cash disposed)	33	20 137	(74)
Payments for financial assets at amortised cost		(1 820)	-
Net cash from (used in)/generated from investing activities		**(180 123)**	**84 892**
Financing activities			
Dividends paid		(25 995)	(30 328)
(Increase)/Decrease on non-controlling interest (no change in control)	33	(359)	(48)
Bank borrowings received	27	1 110	11 094
Repayments of bank borrowings	27	(3 875)	(3 891)
Other borrowings received	27	1 035	1 630
Repayments of other borrowings	27	(9 238)	(1 898)
Repurchase of bonds	27	(19 847)	(64 702)
Repayments of lease liabilities	27	(151 442)	(63 864)
Net cash used in financing activities		**(208 611)**	**(152 007)**
Currency translation difference		**(3 534)**	**2 336**
At beginning of year	23	**324 607**	**215 865**
(Decrease)/increase in cash and cash equivalents	23	(124 054)	108 742
At end of year	23	**200 533**	**324 607**

The notes on pages 18 to 67 form an integral part of these financial statements.

*The Group has amended the comparative figures of the Consolidated Statement of Cash Flows: (1) For the year 2022, 'Currency translation difference' on cash as cash equivalents in amount of EUR 2 336 thousand was reclassed from 'Foreign exchange (gain/loss) line included in cashflows from operating activities to reflect the requirements of IAS 7 paragraph 28. (2) The Group amended the comparative figures of the Consolidated Statement of Cash Flows on Interest income and Interest received in amount of EUR 1 489 thousand to reflect better representation of operating activities. (3) Previously reported 'Net proceeds from aircraft sale leaseback' in amount of EUR 17 327 thousand under investing activities are presented on gross basis as 'Proceeds from aircraft sale leaseback' in amount of EUR 98 738 thousand and 'Acquired aircrafts in relation to sale leaseback' in amount of EUR (81 411) thousand to better reflect IAS 7 requirements.

(All tabular amounts are in EUR '000)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. General information

The Company Avia Solutions Group (ASG) PLC (referred to as the Company) was incorporated in Ireland on 10 October 2022 (registration number – 727348) as a public limited liability company. Its registered office is Building 9, Vantage West, Central Park, Dublin, D18 FT0C, Ireland.

On 1 March 2023 Avia Solutions Group (ASG) PLC registered a permanent establishment of a foreign legal entity in Lithuania (identification number (code): 9004402687, VAT code: LT100015658116), which is operating in the territory of the Republic of Lithuania.

On 1 March 2023, a cross-border merger between Avia Solutions Group PLC and the Company was completed with the Company surviving. As of 1 March 2023, all assets, rights and liabilities of Avia Solutions Group PLC were acquired and taken over by Avia Solutions Group (ASG) PLC which will continue business and activities of Avia Solutions Group PLC.

The Board of Directors is a collegial management body of the Company consisting of six members. The election of Directors ensures that the principle of proper representation of the rights of all shareholders in the Board of Directors is ensured.

The elected members of the Board at the balance sheet date are the following:

- Gediminas Ziemelis
- Jonas Janukenas
- Zilvinas Lapinskas
- Linas Dovydenas
- Pascal Jean Alexandre Picano
- Thomas Klein

All of them were members of the Board throughout the year 2023, except for Mr Vygaudas Usackas who resigned as a Director of the Company on 1 February 2023, on the same date, Mr Pascal Jean Alexandre Picano was appointed as a Director of the Company.

Companies of the Group operate in the following activity areas mainly related to aviation: logistics and distribution, support services.

The shareholders' structure of the Company as at 31 December 2023 and 2022 was as follows:

	2023		2022	
	Numbers of shares	**Percentage owned**	**Numbers of shares**	**Percentage owned**
FZE Procyone	37 702 473	48.48%	37 702 469	48.48%
Vertas Aircraft Leasing Limited	17 078 622	21.96%	17 078 622	21.96%
Sventininkai UAB (previously Mesotania Holdings Ltd.)	11 416 335	14.68%	11 416 335	14.68%
Vertas Cyprus Ltd.	2 780 272	3.57%	2 780 272	3.57%
Indeco: Investment and Development UAB	734 163	0.94%	734 163	0.94%
Linas Dovydenas (the Member of the Board of Directors)	306 938	0.39%	322 478	0.42%
Zilvinas Lapinskas (the Member of the Board of Directors)	247 205	0.32%	259 008	0.33%
Jonas Janukenas (the Member of the Board of Directors, CEO)	174 535	0.22%	174 535	0.22%
Pascal Jean Alexandre Picano (the Member of the Board of Directors)	30 000	0.04%	-	-
Other Shareholders	7 307 234	9.40%	7 309 895	9.40%
Total issued	**77 777 777**	**100.00%**	**77 777 777**	**100.00%**
Treasury shares	-	-	128 514	0.17%
Total issued ordinary shares	**77 777 777**	**-**	**77 649 263**	**-**
Certares Compass S.a r.l. (previously Certares Compass LLC)	19 444 444	100.00%	19 444 444	100.00%
Total issued convertible preferred shares (Note 37)	**19 444 444**	**100.00%**	**19 444 444**	**100.00%**

The ultimate controlling party of the Group is Gediminas Ziemelis. There was no change in the ultimate controlling party during 2023.

The subsidiaries and associates, which are included in the Group's consolidated financial statements are indicated below.

(All tabular amounts are in EUR '000)

1. General information (continued)

Name, Country of establishment	Share of Equity, % 2023	2022	
Logistic and distribution segment			
Chapman Freeborn Airchartering BV, Kingdom of Belgium	80	80	
Chapman Freeborn Airmarketing GmbH, Germany	100	100	
Chapman Freeborn Holdings Limited, The United Kingdom	100	100	
Chapman Freeborn International Limited, The United Kingdom	100	100	
Chapman Freeborn Airchartering Poland S.p z.o.o, Poland	100	100	
Chapman Freeborn Airchartering SL, Kingdom of Spain	100	100	
Chapman Freeborn Airchartering Limited, The United Kingdom	100	100	It is direct subsidiary of Zeusbond Limited. Effective ownership 75%
Intradco Cargo Services Limited, The United Kingdom	75	75	
Magma Aviation Limited, The United Kingdom	100	100	
Chapman Freeborn OBC GmbH, Germany	100	100	
Wings 24 Limited, The United Kingdom	100	100	
Arcus Air Logistic GmbH, Germany	100	100	
Arcus Air Logistic Iberica S.L.U., Spain	100	100	
Arcus Air Logistic s.r.o., Slovakia	100	100	
Arcus OBC Gmbh, Germany	100	100	
Zeusbond Limited, The United Kingdom	75	75	
Alltrans Management Pty Limited, Australia	100	100	
Chapman Freeborn Airchartering (China) Limited, The United Kingdom	100	100	
Chapman Freeborn Airchartering Consulting (Shanghai) Co Ltd, Republic of China	100	100	
Chapman Freeborn Airchartering Pvt Limited, India	100	100	
Chapman Freeborn Airchartering Pte Limited, Singapore	100	100	
Chapman Freeborn Handcarry Limited, Hong Kong	100	100	
Chapman Freeborn Airchartering Limited, Canada	100	100	
Chapman Freeborn Airchartering Inc, United States Of America	100	100	
Chapman Freeborn OBC Inc, United States Of America	100	100	
CF Couriers LLC, United States Of America	100	100	
Chapman Freeborn Aviation Services Fzco, United Arab Emirates	-	100	Liquidated in April 2023
Chapman Freeborn Aviation Services DMCC, United Arab Emirates	100	100	
Chapman Freeborn Airchartering (South Africa) Proprietary Limited, South Africa	100	100	
Chapman Freeborn Airchartering Limited, Afghanistan	100	100	
Chapman Freeborn Aviation (LLC), Saudi Arabia	100	-	Established in December 2023
Chapman Freeborn Havacilik Tasimacilik Ticaret Limited Sirketi, Turkey	100	100	
Intradco Global DMCC, United Arab Emirates	100	-	Established in December 2023
Magma Aviation DMCC, United Arab Emirates	100	-	Established in December 2023

Name, Country of establishment	Share of Equity, % 2023	2022	
Magma Aviation Global Services Limited, Ireland	100	-	Established in July 2023
Magma International Limited, Ireland	100	-	Established in July 2023
AviaAM Leasing Service Centre AB (previously: AviaAM Leasing AB), Republic of Lithuania	98,84	98,84	
AviaAM B02 UAB, Republic of Lithuania	100	100	
AviaAM B04 UAB, Republic of Lithuania	100	100	
AviaAM B05 UAB, Republic of Lithuania	100	100	
AviaAM B06 UAB, Republic of Lithuania	100	100	
AviaAM B08 Ltd., Bermuda	100	100	
AviaAM B10 Ltd., Republic of Ireland	100	100	
AviaAM B11 Ltd., Republic of Ireland	100	100	
AAL Capital Aircraft Holdings Ltd., Republic of Cyprus	100	100	
Boulevard Two Aircraft Ltd., Republic of Ireland	100	100	
Aero City 1 UAB, Republic of Lithuania	100	100	
DG AVIA UAB, Republic of Lithuania	-	100	Sold in February 2023
BAA Leasing and Trading DMCC (prev. AVIAAM LEASING TRADING 2 DMCC), United Arab Emirates	100	-	Established in March 2023
AviaAM Leasing DMCC (previously: Avia Ultima Limited), Bermuda	100	100	
AviaAM Leasing Trading DMCC, Bermuda	100	100	
Skyroad Leasing UAB, Republic of Lithuania	100	100	
AviaAM Leasing PLC, Republic of Cyprus	100	100	
AviaAM Financial Leasing China Co. Ltd, Republic of China*	51	51	
SIA SmartLynx Airlines, Republic of Latvia	100	100	
SmartLynx Airlines Estonia OÜ, Republic of Estonia	100	100	
SmartLynx Airlines Crewing OÜ, Republic of Estonia	100	100	
SIA Smartlynx Technik, Republic of Latvia	100	100	
SIA Smartlynx Airlines Cabo Verde, Cabo Verde	100	100	
Air Holding Limited, Republic of Malta	100	100	
Smart Aviation Limited, Republic of Malta	100	100	
Smartlynx Airlines Lithuania UAB, Republic of Lithuania	100	100	
Smartlynx Airlines Malta limited, Republic of Malta	100	100	
SIA Smart Aviation Holdings, Republic of Latvia	100	100	
UAB Skyllence, Republic of Lithuania	100	100	
Avion Express Malta LTD, Republic of Malta	100	100	
Avion Express UAB, Republic of Lithuania	100	100	
Avion Express Germany GmbH, Germany	100	100	
Avion Express Brasil LTDA, Brazil	100	-	Established in December 2023
EYJAFJOLL SAS, France	100	100	
BBN Cargo Airlines Holdings UAB, Republic of Lithuania	100	100	

(All tabular amounts are in EUR '000)

1. General information (continued)

Name, Country of establishment	Share of Equity, % 2023	2022	
Blafugl ehf (Bluebird Nordic), Republic of Iceland	100	100	
BBN Airlines Indonesia, Indonesia	100**	100**	
BBN Hava Yollari ve Tasimacilik Anonim Sirketi, Turkey	100**	100**	
KlasJet UAB, Republic of Lithuania	100	100	
BPC Travel UAB, Republic of Lithuania	99	99	
KIDY Tour LV, Republic of Latvia	-	100	Sold in July 2023
KIDY Tour OÜ, Republic of Estonia	-	100	Sold in July 2023
KIDY Tour UAB, Republic of Lithuania	-	100	Sold in July 2023
AirExplore S.R.O., Slovakia	100	-	Acquired in May 2023
Ascend Airways Limited (prev. Synergy Aviation Limited), The United Kingdom	100	-	Acquired in July 2023
AeroOpportunity Holdings Limited, Ireland	100	-	Established in June 2023
Asia Pacific Leasing Co. SAS, France	100	-	Established in August 2023
Support service segment			
Aviator Airport Alliance, AB, Kingdom of Sweden	100	100	
Nordic Aero Holding, AB, Kingdom of Sweden	-	100	Merged to Aviator Airport Alliance AB in November 2023
Copenhagen Flight services, ApS, Kingdom of Denmark	100	100	
OY Nordic Airport Services AB, Republic of Finland	100	100	
Aviator Airport Services Sweden, AB, Kingdom of Sweden	100	100	
Aviator Airport Services Finland, OY, Republic of Finland	100	100	
Aviator Airport Alliance, AS, Kingdom of Norway	100	100	
Aviator OSL, AS, Kingdom of Norway	100	100	
Aviator Airport Alliance Denmark, A/S, Kingdom of Denmark	100	100	
Aviator Airport Partner ApS, Kingdom of Denmark	100	100	
Aviator Airport Services, AB, Kingdom of Sweden	100	100	
Aviator Logistics, AB, Kingdom of Sweden	100	100	
Aviator Robotics, AB, Kingdom of Sweden	100	100	
Helisota UAB, Republic of Lithuania	100	100	
JetMS Interiors UAB, Republic of Lithuania	100	-	Established in February 2023
JetMS Regional UAB, Republic of Lithuania	100	100	
JetMS Holding Ltd, The United Kingdom	100	100	
JetMS Holdings Ltd, Republic of Ireland	100	100	
RAS Completions Ltd, The United Kingdom	100	100	
JetMS Completions Ltd (previously: RAS Interiors Ltd), The United Kingdom	100	100	
FL Technics UAB, Republic of Lithuania	100	100	
PT. Avia Technics Dirgantara, Republic of Indonesia	100	100	
FL Technics Asia Co. Ltd., Kingdom of Thailand	99,997	99,997	
FL Technics Hong Kong Ltd., Hong Kong	100	100	

Name, Country of establishment	Share of Equity, % 2023	2022	
FL Technics GmbH, Republic of Austria	100	100	
FLM Flash Line maintenance S.r.l., Italy	100	100	
Asg Asset Management Ireland Limited (previously: FL Technics Ireland Ltd), Republic of Ireland	100	100	
FL Technics Ukraine MRO LLC, Ukraine	100	100	
FL Technics S.R.L., Romania	100	100	
FL Technics Georgia LLC, Georgia	100	100	
FL Technics Group Holding Limited, Ireland	100	-	Established in January 2023
FL Technics Dominican Republic S.A.S., Dominican Republic	100	-	Established in June 2023
FL TECHNICS UKRAINE TOV, Ukraine	100	100	
FL Technics Engine Services UAB, Republic of Lithuania	100	100	
FL Technics Canada Inc., Canda	100	-	Established in January 2023
FL Technics Line Maintenance Canada Inc., Canada	-	100	Merged to FL Technics Canada Inc. in January 2023
FL Technics LLC UAE, United Arab Emirates	100	100	
FL Technics Wheels and Brakes Kft., Hungary	100	100	
FL Technics Trading DMCC, United Arab Emirates	100	100	
Wright International Aircraft Maintenance Services Inc., Canada	100	100	
Wright International Holding Inc, Canada	-	100	Merged to FL Technics Canada Inc. in January 2023
Storm Aviation Ltd., The United Kingdom	100	100	
Storm Aviation (Cyprus) Ltd., Republic of Cyprus	100	100	
Storm Aviation (Nigeria) Ltd., Federal Republic of Nigeria	100	100	
Storm Aviation (Germany) GmbH, Germany	100	100	
Chevron Technical Services Limited, The United Kingdom	100	100	
Chevron Aircraft Maintenance Limited, The United Kingdom	100	100	
FL Technics Wheels and Brakes GMBH (previously: Baltic Ground Services DE GmbH), Germany	100	100	
Biggin Hill Hangar Company Limited, The United Kingdom	100	100	
Certifying Staff. Com B.V., The United Kingdom	-	50	Sold in April 2023
FL ARI Aircraft Maintenance & Engineering Company Co., Ltd, Republic of China	-	40	Sold in September 2023
BSTS & Storm Aviation, Ltd., Republic of Bangladesh	49	49	
BAA Training UAB, Republic of Lithuania	100	100	
BAA Training Vietnam LTD, Socialist Republic of Vietnam	100	100	
BAA Simulators 2 UAB, Republic of Lithuania	100	100	
BAA Training France, France	100	100	
BAA Training India Private Limited, India	100	-	Established in July 2023
ASG Asset Management UAB, Republic of Lithuania	100	100	
Kauno aviacijos gamykla UAB, Republic of Lithuania	100	100	
Avia Repair Co, S.L.U., Kingdom of Spain	100	100	
BAA TRAINING CHINA CO. LTD., Republic of China	50	50	

(All tabular amounts are in EUR '000)

1. General information (continued)

Name, Country of establishment	Share of Equity, % 2023	2022	
RE INVEST BH Limited, The United Kingdom	100	100	
Baltic Ground Services CZ s.r.o., Czech Republic	100	100	
Baltic Ground Services EE OÜ, Republic of Estonia	100	100	
Baltic Ground Services HR d.o.o, Republic of Croatia	100	100	
Baltic Ground Services LV SIA, Republic of Latvia	51	51	
Baltic Ground Services TOV UA, Ukraine	100	100	
Baltic Ground Services UAB, Republic of Lithuania	100	100	
BGS ADR SIA, Republic of Latvia	100	100	
Naftelf Eesti Aktsiaselts, Republic of Estonia	-	-	Acquired in July 2023, merged to Baltic Ground Services EE in August 2023
WAYPOINT AEROTEC LIMITED, The United Kingdom	100	-	Acquired in October 2023
Unallocated			
ASG Finance DAC, Republic of Ireland	100	100	
Digital Aero Technologies UAB, Republic of Lithuania	100	100	
EVmotors.eu UAB, Republic of Lithuania	100	100	
EV MOTORS SP.Z O.O., Poland	100	100	
UAB AeroClass, Republic of Lithuania	100	100	Previously in Support service segment
Sensus Aero UAB, Republic of Lithuania	100	100	Previously in Support service segment
AviationCV.com UAB, Republic of Lithuania	100	100	Previously in Support service segment
Locatory.com UAB, Republic of Lithuania	100	100	Previously in Support service segment
SIA Rezidence Kapteini, Republic of Latvia	100	100	
Avia Solutions Group Arena UAB, Republic of Lithuania	99,99	99,99	
Panevezio arena UAB, Republic of Lithuania	100	100	
SEVEN Live UAB, Republic of Lithuania	100	100	
Loop Holding UAB, Republic of Lithuania	100	100	
BUSNEX POLAND Sp. z o.o., Poland	100	100	
BUSNEX UAB, Republic of Lithuania	100	100	
Aero City Group UAB, Republic of Lithuania	100	100	
DG28 Aero UAB, Republic of Lithuania	100	100	
DG30 Aero UAB, Republic of Lithuania	100	100	
DG32 Aero UAB, Republic of Lithuania	100	100	
DG21 Aero UAB, Republic of Lithuania	100	100	
DG25 Aero UAB, Republic of Lithuania	100	100	
DG41 Aero UAB (previously: DG41 UAB), Republic of Lithuania	100	-	Acquired in March 2023
DG41A Aero UAB, Republic of Lithuania	100	100	
AV4 Aero UAB, Republic of Lithuania	100	100	
Small Aero UAB, Republic of Lithuania	100	100	

Name, Country of establishment	Share of Equity, % 2023	2022	
BK10 Aero UAB, Republic of Lithuania	100	100	
BK14 Aero UAB, Republic of Lithuania	100	100	
BK20 Aero UAB, Republic of Lithuania	100	100	
EI17A Aero UAB, Republic of Lithuania	100	100	
EI18 Aero UAB, Republic of Lithuania	100	100	
EI75 Aero UAB, Republic of Lithuania	100	100	
Finance Aero UAB, Republic of Lithuania	100	100	
EI13 Aero UAB (previously: Aero Invest 1 UAB), Republic of Lithuania	100	100	
Aero Invest 1 UAB, Republic of Lithuania	100	-	Established in May 2023
Aero Invest 2 UAB, Republic of Lithuania	100	100	
DG23 Aero UAB (previously: Nordic NT AB), Republic of Lithuania	100	100	
Dariaus ir Gireno 20 UAB, Republic of Lithuania	100	100	Previously in Logistic and distribution segment
DG40 Aero UAB (previously: Vilta UAB), Republic of Lithuania	100	100	Previously in Logistic and distribution segment
Al tajer Al Hur for Air freight and passenger services LLC - Baghdad (Free Merchant), Iraq	100	100	Previously in Logistic and distribution segment
Aviation Services Fze (previously: Chapman Freeborn Aviation Service FZE), United Arab Emirates	100	100	Previously in Logistic and distribution segment
BGS Rail Cargo, Ukraine	100	100	
BGS Rail Holdings UAB, Republic of Lithuania	100	100	
BGS Rail Lease TOV, Ukraine	-	100	Sold in December 2023
BGS Rail TOV, Ukraine	100	100	
RE Invest LLC, Ukraine	100	100	Previously in Support service segment
AI 12 DMCC, United Arab Emirates	51	-	Acquired in November 2023
Skycop Global DMCC (prev. Avia Solutions People DMCC), United Arab Emirates	-	-	Established in March 2023 and sold in December 2023

* - the percentages represent economic interests.
**- the percentages represent economic interests. For more details, please refer to significant accounting judgment section in Note 4.

2. Summary of material accounting policies

The material accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by European Union and the requirements of the Companies Act 2014 applicable in the Republic of Ireland. The financial statements have been prepared on a going concern basis and under the historical cost convention, except for financial assets at fair value through profit or loss, preferred shares and derivatives, which are accounted at fair value.

These financial statements include the consolidated financial statements of the Group for the year ended 31 December 2023.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

(a) New and amended standards and interpretations adopted by the Group:

IFRS 17 "Insurance Contracts" (issued on 18 May 2017 and effective for annual periods beginning on or after 1 January 2023).

The amendment had no material impact on the financial statements of the Group.

Amendments to IFRS 17 and an amendment to IFRS 4 (issued on 25 June 2020 and effective for annual periods beginning on or after 1 January 2023).

The amendments had no material impact on the financial statements of the Group.

Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting policies (issued on 12 February 2021 and effective for annual periods beginning on or after 1 January 2023).

The Group had implemented the amendments on the current financial statements of the Group.

Amendments to IAS 8: Definition of Accounting Estimates (issued on 12 February 2021 and effective for annual periods beginning on or after 1 January 2023).

The amendments had no material impact on the financial statements of the Group.

Deferred tax related to assets and liabilities arising from a single transaction – Amendments to IAS 12 (issued on 7 May 2021 and effective for annual periods beginning on or after 1 January 2023).

The amendments had no material impact on the financial statements of the Group.

Transition option to insurers applying IFRS 17 – Amendments to IFRS 17 (issued on 9 December 2021 and effective for annual periods beginning on or after 1 January 2023).

The amendments had no material impact on the financial statements of the Group.

Amendments to IAS 12 Income taxes: International Tax Reform – Pillar Two Model Rules (issued 23 May 2023).

The amendments had no material impact on the financial statements of the Group.

There are no other new or revised standards or interpretations that are effective for the first time for the financial year beginning on or after 2023 that would be expected to have a material impact to the Group.

(b) Standards, amendments and interpretations to existing standards that are adopted by EU but are not yet effective and have not been early adopted by the Group:

Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (issued on 22 September 2022 and effective for annual periods beginning on or after 1 January 2024).

The Group expects that these amendments will have no material impact on the financial statements.

Classification of liabilities as current or non-current – Amendments to IAS 1 (originally issued on 23 January 2020 and subsequently amended on 15 July 2020 and 31 October 2022, ultimately effective for annual periods beginning on or after 1 January 2024).

The Group expects that these amendments will have no material impact on the financial statements.

(c) Standards, interpretations and amendments that have not been endorsed by the European Union and that have not been early adopted by the Group:

Amendments to IAS 21 Lack of Exchangeability (Issued on 15 August 2023.

The Group is currently assessing the impact of the amendments on its financial statements.

(d) Standards, interpretations and amendments that have been rejected or deferred by the European Union and that have not been adopted by the Group:

Amendment to IAS 7 and IFRS 7 - Supplier finance

The Group is currently assessing the impact of the amendments on its financial statements.

There are no other new or amended standards and interpretations that are not yet effective and that may have a material impact for the Group.

2.2 Consolidation

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

2.2 Consolidation (continued)

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances and unrealised gains on transactions between entities included within the consolidated financial statements have been eliminated. Unrealised losses are also eliminated. When necessary amounts reported by subsidiaries have been adjusted to conform to the Group's accounting policies.

Disposal of subsidiaries

When the Group ceases to have control any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity. The cash payments made or received are presented under financing activities.

Associates and joint ventures

Associates are all entities over which the group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights.

Joint venture is an entity of joint operations, whereby the ventures have a contractual arrangement that establishes joint control over the economic activities of the entity.

Investments in associates and joint ventures are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition.

The Group's share of post-acquisition profit or loss is recognised in the statement of profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the group's share of losses in an associate or joint venture equals or exceeds its interest in the associate, including any other unsecured receivables, the group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.
Loans granted and bonds issued to associates or joint ventures are considered as part of net investment and Group's share of losses are allocated to the bonds as required by IAS28.

The reporting dates of the associate and the Group are identical and the associate's accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss of the Group's investment in its associates. The Group determines at each reporting date whether there is any objective evidence that the investment in associate is impaired. If this is the case the Group calculates the amount of impairment as being the difference between the fair value of the associate and the carrying amount and recognises the amount in the statement of profit or loss. When the Group's share of losses in an associate equal or exceeds its interest in the associate, including any other unsecured receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

Upon loss of significant influence over the associate, the Group measures and recognises any retaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognised in profit or loss.

Non-controlling interest

Non-controlling interest is that part of the net results and of the net assets of a subsidiary, including the fair value adjustments, which is attributable to interests which are not owned, directly or indirectly, by the Group. Non-controlling interest forms a separate component of the Group's equity.

Transactions with non-controlling interest

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

2.3 Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Euro (EUR), which is the presentation currency of the Group.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income. Foreign exchange gains and losses that relate to borrowings, cash and cash equivalents are presented in the statement of comprehensive income within "finance income or cost". All other foreign exchange gains and losses are presented in the statement of comprehensive income within "other gains – net".

In the consolidated financial statements, when the foreign operation is a subsidiary, exchange differences arising on a monetary item that forms part of the Group's net investment in a foreign operation are recognised initially in other comprehensive income (currency translation differences) and reclassified from equity to profit or loss on disposal of the net investment.

(All tabular amounts are in EUR '000)

2.3 Foreign currency translation (continued)

Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

-Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

-Income and expenses for each statement of profit or loss are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at rates prevailing at the dates of the transactions);

-All resulting exchange differences are recognised as a separate component of equity.

2.4 Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM). The Chief Operating Decision Maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of the Company that makes strategic decisions.

2.5 Property, plant and equipment

Property, plant and equipment consist of buildings and structures, construction in progress, vehicles, machinery, aircraft, aircraft under preparation for use, aircraft engines and other non-current tangible assets, that are held for use in the supply of services or for administrative purposes and are expected to be used during more than one period. Property, plant and equipment are carried at their historical cost less any accumulated depreciation and any accumulated impairment loss. Historical cost includes expenditures that are directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

Land is not depreciated. Depreciation is calculated on the straight-line basis to write off the cost of assets to their residual values over their estimated useful life as follows:

Buildings and structures	6-30 years
Vehicles	4 – 12 years
Machinery	5 – 15 years
Aircraft	4 – 15 years
Aircraft engines	24 – 39 months
Leasehold improvements	Lease term
Construction in progress	Not depreciated
Prepayments for assets under preparation for use	Not depreciated
Land	Not depreciated
Other non-current tangible assets	3 – 15 years

Major additions, modifications and improvements expenditure relating to flight equipment for aircraft taken on lease by the Group are capitalized and depreciated over the remaining lease period of the aircraft. Major improvements performed for aircraft taken on lease are capitalized leasehold improvements and depreciated over the period till the next improvement or during the useful life of certain asset. Leasehold improvements are classified as other non-current tangible assets. The assets' residual value and useful lives are reviewed periodically and adjusted if appropriate.

Leasehold improvements, which can be recovered and used after the lease term are classified as part of property, plant and equipment. Leasehold improvements will be returned to lessor after lease term are classified as part of right-of-use asset.

The residual value of aircraft represents the amount the Management believes the aircraft can be sold or traded for at the end of its useful life, before aircraft heavy maintenance. The residual value of aircraft engines represents the amount the Management believes the aircraft engine can be sold or traded for at the end of its useful life, after its tear down into spare parts and components.

The property, plant and equipment caption includes prepayments for assets under preparation for use. Such assets are not depreciated.

Construction in progress is transferred to appropriate groups of fixed assets when it is completed and ready for its intended use. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

When property is retired or otherwise disposed, the cost and related depreciation are removed from the financial statements and any related gains or losses are included in the profit or loss. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Other gains – net' in the statement of profit or loss.

Recognition of sales of aircraft initially held for rental

The Group sells aircraft that were initially purchased for rental to customers. As part of the sale, the lease contract is transferred to a new lessor. The lease contract is continuing; however, it ceases from Group's perspective as the lessor changed. The proceeds from the sale of such assets are recognised as revenue.

Cash flows from sales of aircraft initially held for rental

The cash receipts from rents and subsequent sales of aircraft initially held for rental are cash flows from operating activities. Also, the cash payments for the aircraft are cash flows from operating activities.

2.6 Investment property

Investment property is land, buildings or part these items held by the Group to earn rentals or for capital appreciation or both, rather than for use in the production or supply of goods or services or for administrative purposes or sale in the ordinary course of business.

Investment property is recognized as an asset when it is probable that the future economic benefits that are associated with the investment property will flow to the Group, and the cost of an asset can be measured reliably.
An investment property is measured initially at its cost. Transaction costs are included in the initial measurement. Subsequently to initial recognition, investment property is carried at its cost less any accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated on the straight-line basis to write off the cost of assets to their residual values over their estimated useful life which is from 15 to 25 years.

2.7 Intangible assets

Intangible assets expected to provide economic benefit to the Group in future periods have finite useful life and are valued at acquisition cost less any accumulated amortisation and any accumulated impairment losses. Amortisation is calculated on the straight-line method to allocate the cost of intangible asset over estimated benefit period as follows:

Licenses	3 - 20 years
Software	3 - 20 years
Website	5 years
Customer relationship	5-10 years
Other non-current intangible assets	1 - 4 years
Prepayments relating to intangible assets	Not amortised

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with the development of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets.

The costs incurred at each stage in development and operation of Group's own web-sites that meet definition of intangible assets (i.e. identifiability, control over a resource and existence of future economic benefits) is recognised as part of intangible assets. Such expenses include expenses on purchasing or creating content for a web-site, expenses to enable use of the content on the web-site and directly attributable employee related expenses, that have been incurred during the stage of the development of the web-site and additional development of the web-site expenses, that have been incurred during the stage of the operation of the web-site after initial recognition of the intangible assets.

In the context of business combinations, when the Group acquires another entity, it often acquires the relationships that the acquired entity has with its customers. These customer relationships are considered intangible assets under IFRS if they meet specific recognition criteria. Customer relationships are often considered separable because they can be sold or transferred independently of other assets and are measured at fair value at the acquisition date. This fair value measurement involves estimating the future economic benefits associated with the customer relationships, such as future cash flows, and discounting them to present value. They are amortized over their useful lives. The useful life is based on factors such as the expected duration of the relationships and the expected future economic benefits to be derived from them.

Prepayments related to intangible assets is related to a software or website development activities that meets the capitalisation criteria.

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in 'intangible assets'. Goodwill on acquisitions of associates is included in 'investments in associates'.

Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on a disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

2.8 Impairment of non-financial assets

Assets that are subject to depreciation and amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2.9 Financial assets

The Group classifies its financial assets in the following measurement categories:
- those to be measured subsequently at fair value (either through other comprehensive income (FVOCI), or through profit or loss (FVTPL)), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:
- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Impairment

The Group assesses on a forward-looking basis the expected credit loss associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

2.9 Financial assets (continued)

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see Note 3 for further details.

For cash and cash equivalents the Group calculates expected credit losses as soon as there has been a significant increase in credit risk since initial recognition.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. The loss allowance is charged to profit or loss and is recognised in operating expenses as impairment-related expenses.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

2.10 Non current assets (or disposal groups) held-for-sale and discontinued operations

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is to be recovered principally through a sale transaction rather than through continuing use.

In the consolidated statement of profit or loss of the reporting period and of the comparable period of the previous year, income and expenses from discontinued operations are reported separately from income and expenses from continuing activities, down to the level of profit after taxes, even when the Group retains a non-controlling interest in the subsidiary after the sale. The resulting profit or loss (after taxes) is reported separately in the statement of profit or loss.

Where a disposal group is still operating, transactions may occur between the disposal group and other companies within the Group. All intra-group balances, intra-group interest income, expenses and other intra-group transactions where goods are sold / purchased between the disposal group and the continuing business are eliminated in full. The principle of elimination of intra-group sales transactions is based on the guidance in IFRS 5 which only allowed expenses to be attributed to the discontinuing operation if they would be eliminated when the operation is disposed of. If the arrangement is expected to continue, the sales and costs are recorded in continuing operations and, therefore, the elimination entries are recorded in discontinued operations.

If non-current assets (or disposal groups) no longer meet the criteria to be classified as held-for-sale, they are reclassified from held-for-sale. On reclassification the Group measures the non-current asset or a disposal group at the lower of its recoverable amount and the carrying amount that would have been recognised had the asset never been classified as held-for-sale.

If the non-current assets/disposal group is not a subsidiary, any resulting adjustment is recognised in profit or loss from continuing operation in the period in which the 'held for sale' criteria cease to be met. In the comparative period, the balance sheet amounts are not represented (so the item continues to be presented as 'held for sale') and their measurement will not be revised.

If a disposal group or a non-current asset is a subsidiary which ceases to be classified as held-for-sale, then the financial statements for the periods since classification as held-for-sale are amended accordingly. The amendment relates to:

(i) the presentation in the balance sheet (the comparatives are represented),
(ii) the change of presentation in the statement of profit/loss and other comprehensive income and the cash flow statement (if the subsidiary was classified as a discontinued operation),
(iii) the remeasurement effect is also recognised retrospectively i.e. to the extent that the amendment relates to earlier periods, it is recognised as a prior-period adjustment (i.e. the amendment is calculated retrospectively) and the opening balance of retained earnings and comparatives are restated, if applicable.

2.11 Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of inventories comprises purchase price, taxes (other than those subsequently recoverable by the Group from the tax authorities), transport, handling and other costs directly attributable to the acquisition of inventories. Net realizable value is the estimate of the selling price in the ordinary course of business, less the applicable selling expenses. Inventories that are no longer appropriate for sale are written off.

Aircraft or its components are classified to inventory when it is expected that its carrying amount is to be recovered through a sale transaction.

Revenue from the sale of the equipment (spare parts) are recognised at a point in time, generally upon delivery of the equipment. The price for the spare parts is pre-agreed in the contracts and represents a separate performance obligation.

2.12 Trade receivables

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. Trade receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

The Group apply the simplified approach for calculation of lifetime expected credit losses (ECL) using the provision matrix for all trade receivables except for individual exposures above EUR 2 million or exposures from strategic clients, based on Group's management decision. To measure the expected credit losses using provision matrix, trade receivables are split into separate pools, based on shared credit risk characteristics. Receivables in each pool are grouped according to payment delay days and loss rates are applied to each delay group. The loss rates are calculated using statistical recovery information from the last 5 years (when available) and adjusted if considered necessary taking into account forward looking information.

The Group uses individual assessment model for determining ECL for large trade receivables (above EUR 2 million) or strategic clients based on the Group's Management decision. For these exposures, individual assessment model is used as described in Note 3.1 Credit Risk.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognized in the profit or loss. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against in the profit or loss.

2.12 Trade receivables (continued)

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Impairment

The Group assesses on a forward-looking basis the expected credit loss associated with its contract assets. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For contracts assets, the group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see Note 3 for further details.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

2.13 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of less than three months.

Bank overdrafts are shown within borrowings in current liabilities on the balance sheet. Bank overdrafts are subtracted from the cash and cash equivalents in the consolidated statements of cash flows.
Interest paid and received are shown under operating activity in the consolidated statements of cash flows.

Cash and cash equivalents are carried at amortised costs because they are held for collection of contractual cash flows and those cash flows represent solely payments of principal and interest, and they are not designated at fair value through profit or loss.

2.14 Share Capital

Ordinary shares are stated at their par value and classified as equity.

Where the Company or its subsidiaries purchase the Company's equity share capital (treasury shares), in the Group's financial statements the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the Group's equity holders until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction cost and the related income tax effects, is included in equity attributable to the Group's equity holders. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from the proceeds.

2.15 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in ordinary course of business. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

2.16 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the profit or loss over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Borrowing costs that are directly attributable to the acquisition of a qualifying asset are capitalised as part of the cost of that asset during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are expensed. The capitalising of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use are complete.

2.17 Borrowings costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.18 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Provisions for "C-check"

Provisions for "C-check" are described in Note 4 "Critical Accounting Estimates and Significant Judgments".

Warranty provisions

Provisions for warranty-related costs are recognised when the product is sold or service provided to the customer. Initial recognition is based on historical experience. The initial estimate of warranty-related costs is revised annually.

(All tabular amounts are in EUR '000)

2.19 Derivative financial instruments

The Group uses derivative financial instruments such as interest rate swaps to hedge its cash flow interest rate risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value.
The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged. The Group designates certain derivatives as hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges).

At inception of the hedge relationship, the Group documents the economic relationship between hedging instruments and hedged items, including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The Group documents its risk management objective and strategy for undertaking its hedge transactions.

The fair values of derivative financial instruments designated in hedge relationships are disclosed in Note 36. Movements in the hedging reserve in shareholders' equity are shown in Note 36. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

Cash flow hedges that qualify for hedge accounting

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the cash flow hedge reserve within equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, within other gains/(losses).

Gains or losses relating to the effective portion of the change in intrinsic value of the options are recognised in the cash flow hedge reserve within equity. The changes in the time value of the options that relate to the hedged item ('aligned time value') are recognised within OCI in the costs of hedging reserve within equity.

When forward contracts are used to hedge forecast transactions, the Group generally designates only the change in fair value of the forward contract related to the spot component as the hedging instrument. Gains or losses relating to the effective portion of the change in the spot component of the forward contracts are recognised in the fair value reserve within equity. The change in the forward element of the contract that relates to the hedged item ('aligned forward element') is recognised within OCI in the costs of hedging reserve within equity. In some cases, the entity may designate the full change in fair value of the forward contract (including forward points) as the hedging instrument. In such cases, the gains or losses relating to the effective portion of the change in fair value of the entire forward contract are recognised in the fair value reserve within equity.

Amounts accumulated in equity are reclassified in the periods when the hedged item affects profit or loss, as follows:
-Where the hedged item subsequently results in the recognition of a non-financial asset (such as inventory), both the deferred hedging gains and losses and the deferred time value of the option contracts or deferred forward points, if any, are included within the initial cost of the asset. The deferred amounts are ultimately recognised in profit or loss as the hedged item affects profit or loss (for example through cost of sales).
-The gain or loss relating to the effective portion of the foreign currency interest rate swaps hedging different currency borrowings is recognised in profit or loss within finance cost at the same time as the interest expense on the hedged borrowings.

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging in equity at that time remains in equity until the forecast transaction occurs, resulting in the recognition of a financial asset. When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to profit or loss.

Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in profit or loss and are included in other gains/(losses).

2.19 a 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.

Recurring fair value measurements at 31 December 2023	Level 1	Level 2	Level 3
Financial assets			
Financial assets at fair value through profit or loss (FVPL)	1 650	-	-
Hedging derivatives – foreign currency interest rate swap	-	2 774	-
Total financial assets	**1 650**	**2 774**	**-**
Financial liabilities			
Hedging derivatives – foreign currency interest rate swap	-	1 605	-
Convertible preferred shares (Note 37)	-	-	352 576
Total financial liabilities	**-**	**1 605**	**352 576**

Recurring fair value measurements at 31 December 2022	Level 1	Level 2	Level 3
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 37)	-	-	325 726
Total financial liabilities	**-**	**195**	**325 726**

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.

2.19 a Fair value hierarchy (continued)

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 37. There were no transfers between levels 1, 2 and 3 for recurring fair value measurements during the year.

2.20 Government grants

Grants are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred government grants less any accumulated amortisation. Amortisation is calculated on a straight-line basis over the expected lives of the related assets and is included in "other income". Grants relating to the expenses are included in current liabilities and are credited to the profit or loss on basis to match the appropriate expenses.

2.21 Merger reserve

Merger reserve was formed during business combination (upon pre-IPO Reorganization) in 2010. The merger reserve consists of the difference between the Company purchase consideration for the acquisition of remaining stake of the share capital of the Group companies and nominal value of the share capital acquired.

For the cross-border merger accounting refer to Note 11 of Company financial statements.

2.22 Accounting for leases

(a) Accounting for leases where the Group is the lessee

The Group leases many assets, including properties, aircraft, vehicles and equipment.

The Group assesses whether a contract is or contains a lease based on IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which it is a lessee, the Group has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

Under IFRS 16, the Group recognises right-of-use assets and lease liabilities for most leases – i.e. these leases are on-balance sheet.

However, the Group has elected not to recognise right-of-use assets and lease liabilities for some leases of low-value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Group presents lease liabilities in the statement of financial position.
The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Group has applied judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

(b) Accounting for leases where the Group is the sub – lessor

When the Group is an intermediate lessor, it accounts for its interest in the head lease and the sublease separately. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the head lease. It assesses the classification of a sublease as a finance lease or an operating lease with reference to the right-of-use asset arising from the head lease. When subleases are classified as finance leases, the Group derecognises the right-of-use asset relating to the head lease that it transfers to the sublessee and presents the Net investment in the lease in the statement of the financial position. Net investment in the lease is initially recognised at commencement (when the lease term begins), using an incremental borrowing rate corresponding to the head lease. During the term of the sublease the Group recognises finance income on sublease based on pattern reflecting a constant period rate of return on the net investment in the lease.

For subleases classified as operating lease, the Group recognises the lease income as Revenue (Note 2.25).

(c) Accounting for leases where the Group is the lessor

Where the Group is a lessor in a financial lease (which transfers substantially all the risks and rewards incidental to ownership of an underlying asset), the assets leased out are presented as a net investment in the lease. At the commencement date measurement of the net investment in the lease comprises the following lease payments:
- fixed payments (including in-substance fixed payments), less any lease incentives payable;
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date.

The difference between the gross receivable and the present value represents unearned finance income. This income is recognised over the term of the lease using the net investment method (before tax), which reflects a constant periodic rate of return. Incremental costs directly attributable to negotiating and arranging the lease are included in the initial measurement of the net investment in the lease and reduce the amount of income recognised over the lease term. Finance income from leases is recorded under finance lease income in the statement of comprehensive income.

2.22 Accounting for leases (continued)

Where the Group is a lessor under an operating lease, the underlying asset continues to be accounted in accordance with IAS 16, and Group recognises the lease income as Revenue (Note 2.25).

(d) Leaseback arrangements

When Group enters into sale and leaseback transactions whereby it sells either aircraft to a third party and immediately leases them back. Where sale proceeds received are judged to reflect the aircraft's fair value, any gain or loss arising on disposal is recognized in the statement of profit or loss, to the extent that it relates to the rights that have been transferred. Gains and losses that relate to the rights that have been retained are included in the carrying amount of the right of use asset recognized at commencement of the lease. Where sale proceeds received are not at the aircraft's fair value, any below market terms are recognized as a prepayment of lease payments, and above market terms are recognized as additional financing provided by the lessor.

In sale and leaseback transactions involving aircrafts held as inventory or property, plant, and equipment (PPE), the proceeds are accounted for under the 'Proceeds from aircraft sale leaseback' line item within cash flow from investing activities. This line item represents the cash consideration received from such transactions.

When a subsidiary is disposed of, and this involves a sale leaseback transaction of buildings at the group level, any gain on the disposal is adjusted to reflect the rights transferred. The proceeds from such transactions are then reported under the 'Sales of subsidiaries (net of cash disposed)' line item within cash flow from investing activities.

2.23 Right-of-use assets

Right-of-use assets are measured at cost comprising the following: the amount of the initial measurement of lease liability; any lease payments made at or before the commencement date less any lease incentives received; any initial direct costs, and restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

2.24 Current and deferred income tax

The tax expenses for the period comprise current and deferred tax. Tax is recognised in the profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the country in which the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. If applicable tax regulation is subject to interpretation, it establishes provision where appropriate on the basis of amounts expected to be paid to the tax authorities.

According to Irish, Lithuanian, Ukrainian, British, Maltese, French and Nigerian legislation, tax losses accumulated are carried forward indefinitely; according to Czech, Cypriot, Indonesian, Slovak, Turkish and Thai legislation, tax losses accumulated per year are carried forward during 5 years.

Tax losses can be carried forward for indefinite period in Lithuania, except for the losses incurred as a result of disposal of securities and/or derivative financial instruments. Such carrying forward is disrupted if the Company changes its activities due to which these losses incurred except when the Company does not continue its activities due to reasons which do not depend on the Company itself.

The losses from disposal of securities and/or derivative financial instruments can be carried forward for 5 consecutive years and only be used to reduce the taxable income earned from the transactions of the same nature. Applicable tax rates by each country are disclosed in Note 30.

Deferred tax assets and liabilities are offset only if the Group has a legally enforceable right to set off current tax assets against current tax liabilities and only if the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority.

2.25 Revenue recognition

Revenue of the Group consists of aircraft and aircraft components maintenance and overhaul, training of aviation specialists, technical consulting, and aircraft ground handling services, into-plane fuelling and web-site subscription services, providing private and corporate charter flights as well as tour operator, aircraft and crew lease revenue, sales of aircraft, commission income and other related services.

Revenue from contracts with customers is recognised when a performance obligation by transferring a good or service to a customer is satisfied at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

Sales of services

Sales of short-term training and other services are recognized at point in time based on actual services provided. Long-term services (pilot and crew training, web-site subscription services) are recognised over the time, based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided, because the customer receives and uses the benefits simultaneously.

Aircraft and aircraft components maintenance, training and technical consulting, web-site subscription services are provided to the customers on time and material basis or as a fixed-price contract, with contract generally ranging from less than one year (single contract) to the long-term contract. The Group recognises revenue from these services over time, using an input method to measure progress towards complete satisfaction of the service, because the customer simultaneously receives and consumes the benefits provided by the Group.

Business charter flights revenue, aircraft ground handling and into-plane fuelling revenue is recognized at a point in time, - upon completion of the air transportation or upon delivery of services to the customer. Most of contracts are fixed-price contracts, the customer pays the fixed amount based on a payment schedule. If the services rendered by the Group exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised. If the contract includes an hourly fee, revenue is recognised in the amount to which the Group has a right to invoice.

2.25 Revenue recognition (continued)

Sales of goods

Revenue from sale of aircraft, fuel and spare parts is recognised at the point in time when control of the goods is transferred to the customer, generally on delivery. The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of equipment, the Group considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer. Such elements are not present in the Group. In the sale of aircraft transaction, the control is transferred when the aircraft is delivered and the customer has full discretion over the use of the aircraft, and there is no unfulfilled obligation that could affect the customer's acceptance of the aircraft. Delivery does not occur until the aircraft has been shipped to the specified location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the aircraft in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied. In addition, warranties for spare parts are given by the original manufacturer and therefore the Group does not make any warranty provisions over spare parts.

Significant financing component

Generally, the Group receives short-term advances from its customers (these are presented as contract liability). Using the practical expedient in IFRS 15, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

Wet lease services (ACMI)

As a lessor, the Group accounts rental income on a linear basis over the life of the lease as it is earned.

In Logistics and Distribution Services segment almost all contracts include multiple deliverables, such as the lease of aircraft and related services (crew, maintenance, insurance). As the contracts include a fee per block hour, revenue is recognised in the amount to which the Group has a right to invoice.

IFRS 15 states that if a contract is partially within the scope of another standard, a company should apply any separation and/or measurement guidance in the other standard first. Otherwise, the principles in the revenue standards should be applied to separate and/or initially measure the components of the contract. The Group assessed that even though all arrangements with customers contain operating lease element, there is no difference in how revenue would be recognised under any of them, because:
- under operating lease model revenue is recognised in income on a systematic basis as block hours delivered to block hours promised, which is most representative of the time pattern in which benefit derived from the leased aircraft is diminished; or
- under IFRS 15 revenue is recognised over time using output method, i.e. measuring the progress based on block hours delivered.

The Group recognises revenue from contracts with customers over time and proportionally allocates to different performance obligations based on the actual costs of services provided that are related to each performance obligation or revenue stream (Note 5).

In case of fixed-price contracts, the customer pays the fixed amount based on a payment schedule or invoices issued. If the services rendered by the Group exceeds the payment, a contract asset is recognised, also referred as accrued income. If the payments exceed the services rendered, a contract liability is recognised, also referred as deferred revenue.

Crew lease revenue is recognized when the Group leases crew without aircraft. Those revenue recognized over time as the services are performed based on hours delivered.

Commission income

The Group acts as an agent for a number of clients. The Group earns a fee or commission in return for arranging the provision of flight transport and related services on behalf of principal. The amounts collected on behalf of the principal are not recognised as revenue. Instead, the commission fees received are recognised as revenue. Commission income is recognized in the accounting period in which control of the services is passed to the customer, which is when the services are rendered, therefore commissions income is recognized at a point of time. Such services include insurance and travel arrangements.

Revenue from real estate

Revenue from real estate is recognised in the accounting period in which control of the services (hotel services) is passed to the customer, which is when the services are rendered. Revenue from real estate is recognized over time.

Interest income

Interest income is recognized on a time-proportion basis using the effective interest method to the gross carrying amount of a financial asset except for credit-impaired financial assets. Interest revenue for credit-impaired financial assets is calculated by applying the effective interest rate to the amortised cost of the financial asset from initial recognition.

Recognition of sales of aircraft initially held for rental

The Group sells aircraft that were initially purchased for rental to customers. As part of the sale, the lease contract is transferred to a new lessor. The lease contract is continuing; however, it ceases from Group's perspective as the lessor changed. The proceeds from the sale of such assets are recognised as revenue.

2.26 Employee benefits

Social security contributions

The Group pays social security contributions to the state Social Security Fund (the Fund) on behalf of its employees based on the defined contribution plan in accordance with the local legal requirements. A defined contribution plan is a plan under which the Group pays fixed contributions into the Fund and will have no legal or constructive obligations to pay further contributions if the Fund does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior period.

The social security contributions amounting to EUR 43 million for the Group (2022: EUR 32 million for the Group) are recognized as an expense on an accrual basis and are included within employee related expenses.

Bonus plans

The Group recognises a liability and an expense for bonuses based on predefined targets. The Group recognises related liability where contractually obliged or where there is a past practice that has created a constructive obligation.

(All tabular amounts are in EUR '000)

2.26 Employee benefits (continued)

Supplementary health insurance

The Group paid supplementary health insurance contributions to the insurance company on behalf of its employees. Supplementary health insurance for employees is the possibility to get health care and health improvement services in a selected health care institution. The supplementary health insurance contributions are recognized as an expense when incurred.

Termination benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits.

The Group recognises termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed formal plan without possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance sheet date are discounted to present value.

Defined contribution pension scheme

The Group operates defined contribution plans for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payments obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plans are held separately from the Group in independently administered funds.

2.27 Convertible preferred shares

The convertible preferred shares issued by the Group are classified as a financial liability, since they will or might be settled in the entity's own equity instruments and are a structured instrument for which the entity is or might be obliged to deliver a variable number of the entity's own equity instruments.

The Group designated the preferred shares as financial liabilities at fair value through profit or loss. They are initially recognized at fair value. Any directly attributable transaction costs are recognized directly in profit or loss. Subsequent to initial recognition, the preferred shares are carried at fair value with changes in fair value recognized as finance costs in the statement of profit or loss. Changes in fair value related to changes in the company's own credit risk are presented separately in other comprehensive income, with no subsequent recycling through profit or loss.

The Group does not bifurcate any embedded derivatives from the host instruments and designates the entire instruments as financial liabilities at fair value through profit or loss.

The issued convertible preferred shares are level 3 instruments according to criteria set out in the fair value hierarchy. More details on the features of the instrument are provided in Note 37.

The preferred shares can be redeemed in cash at the option of the Group with consent of the preferred shares holder. They are classified as non-current liabilities if the preferred shares holders cannot demand the Group to redeem the preferred shares for at least 12 months after the end of the reporting period. Terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

2.28 Deferred charges

Deferred charges are costs that are initially recorded as non-financial assets on the balance sheet under caption 'Trade and other receivables'. These assets are gradually expensed over time as they are consumed or used up. These charges typically arise when a company incurs expenses that provide future benefits over period. Instead of recognizing the entire expense immediately, the cost is deferred and allocated to future periods in which the benefits are realized. Typically, within the Group these items relate to advance payments for insurance, leases or other services provided over time.

3 Financial risk management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects of the financial performance of the Group.

Risk management is carried out by Group's top management close cooperation with the Board of the Company. Top management meetings are held to discuss overall risk management and analyse each case, as well as actions to cover specific areas, such as foreign exchange risk, interest rate risk, credit risk and investing excess liquidity.

Market risk

(a) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures primarily with respect to US Dollar (USD) and British Pound (GBP). Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities.

For calculation of foreign exchange risk's sensitivity financial assets and financial liabilities, denominated at US-dollars, British Pounds are multiplied by reasonably possible change of EUR to US dollars, EUR to British Pounds. Reasonable possible change is provided in the table below:

	2023	2022
Reasonably possible change of EUR to USD	**3%**	6%
Reasonably possible change of EUR to GBP	**2%**	5%

As at 31 December 2023 the Group's post-tax profit for the year and equity would have been: EUR 28 286 thousand (2022: EUR 26 241 thousand), higher/lower, mainly as a result of foreign exchange gains/losses on translation of US dollar denominated trade and other receivables and trade and other payables, EUR 87 thousand (2022: EUR 738 thousand) higher/lower, mainly as a result of foreign exchange gains/losses on translation of British Pound denominated trade and other receivables and trade and other payables.

Foreign exchange risk is controlled by monitoring the foreign currency exposure of its purchase contracts and lease commitments. The Group seeks to reduce its foreign rate exchange exposure through a policy of matching possible receipts and payments in each individual currency.

As part of mitigating foreign exchange risk, the Group uses derivatives for hedging as disclosed in Note 36.

(All tabular amounts are in EUR '000)

3.1 Financial risk factors (continued)

(b) Price risk

The preferred shares are convertible into a variable number of ordinary shares and hence expose the Group to the risk of changes in own share price, in the following years until the conversion (Note 37).

(c) Cash flow and fair value interest rate risk

The Group's interest rate risk arises from short-term and long-term bank borrowings and lease liabilities at floating interest rates (less than 2% leases are subject to floating interest rate risk from total leases (2022: 8%)). The Group is not exposed to fair value interest rate risk as loans granted to related parties and interest free deposit placed as a guarantee for lease of aircraft are accounted at amortized cost and are with fixed interest rate. The Group is not exposed to bond interest rate risk as interests are accounted at an amortized cost and are fixed.

Borrowings received at variable interest rates and denominated in the EUR and USD currencies expose the Group to cash flow interest rate risk. As at 31 December 2023 and 31 December 2022 Group's borrowings and lease liabilities at variable rate of 3 or 6 months EURIBOR plus fixed margin were denominated in EUR and USD respectively.

For calculation of interest rate risk sensitivity interest expenses on borrowings, received at variable interest rates, are multiplied by possible interest rate change (hereinafter „reasonable shift"), which are prescribed by the Group. Possible interest rate changes are provided in the table below:

Currency of borrowings	**Reasonable shift**
EUR	**1.00%**

The presumable interest rate change creates acceptable impact on Group's annual profit as well as equity and makes EUR 30 thousand in 2023 (2022: EUR 298 thousand) impact on profit or loss.

Credit risk

Credit risk arises from cash and cash equivalents and deposits with banks, financial institutions, shareholders and their related parties, lessor as well as credit exposures to customers, including outstanding receivables and committed transactions. Credit risks are controlled by the application of credit terms and monitoring procedures.

The Group's procedures are in force to ensure that services are sold only to customers with an appropriate credit history and do not exceed acceptable credit exposure limit. Cash transactions are limited to high credit quality financial institutions.

(a) Maximum exposure of credit risk

The table below summarises all credit risk exposures relating to on-balance sheet items of the Group. Maximum exposure to credit risk before collateral held or other credit enhancements:

	2023	2022
Trade receivables (Note 21)	148 936	155 429
Cash in bank (Note 23)	200 412	323 889
Other financial receivables (Note 21)	39 484	4 083
Contract assets (Note 22)	35 986	24 701
Trade receivables from related parties (Notes 21, 34)	695	917
Other financial receivables from related parties (Notes 21, 34)	9 076	7 010
Loans granted to related parties (Note 21)	26 501	26 637
Loans granted (Note 21)	11 770	8 112
Derivative financial instruments (assets)	2 774	5 513
Security deposits (Note 21)	79 438	49 246
Bank deposits	3 809	2 363
	558 881	**607 900**

The maximum exposure to credit risk for trade receivables by geographic region based on customer's incorporation can be specified as follows:

	2023	2022*
Ireland	17 029	16 159
Germany	15 280	33 385
United States	12 181	12 571
Hungary	11 811	8 874
United Kingdom	8 930	10 713
United Arab Emirates	7 660	3 890
Norway	4 693	4 817
Turkey	4 052	1 257
Denmark	3 855	1 623
Pakistan	3 642	2 069
Sweden	3 571	4 995
Finland	3 452	2 617
Malta	3 263	652
China	3 095	255
Netherlands	3 065	1 205
Poland	2 698	8 125
Italy	2 529	1 821
Lithuania	2 289	2 442
Belgium	2 088	2 273
Other	33 753	35 686
Total trade receivables	**148 936**	**155 429**

**The comparative figures were amended to reflect changes in top regions for proper comparability.*

(All tabular amounts are in EUR '000)

3.1 Financial risk factors (continued)

The maximum exposure to credit risk for trade receivables by customer can be specified as follows:

	2023	2022
Customer T	17 522	10 740
Customer BZ	7 470	1 689
Customer BR	6 364	9 549
Customer AP	5 262	9 176
Customer BM	4 952	4 961
Customer BK	4 277	2 951
Customer BP	3 814	4 474
Customer AX	3 599	1 855
Customer CA	3 428	-
Customer CB	3 148	508
Customer BU	3 022	-
Other	86 078	109 526
Total trade receivables	**148 936**	**155 429**

(b) Impairment of financial assets

Groups of financial assets for ECL measurement purposes

The Group has three groups of financial instruments:

- trade receivables and contract assets for which lifetime ECL is calculated using simplified approach described below in paragraph Measurement of ECL - Trade receivables;
- other financial assets measured at amortized cost (includes loans granted and other receivables). 12-month ECL is calculated for these financial assets if no significant increase in credit risk is identified, or lifetime ECL if significant increase in credit risk is identified. General individual assessment model is applied for ECL calculation, described below in paragraph Measurement of ECL - other financial assets measured at amortised cost;
- cash and cash equivalents.

The Group's loss allowance provision for financial assets measured at amortised cost as at 31 December 2023 reconciles to the opening loss allowance for that provision as follows:

	Loss allowance provision		
	For trade receivables & contract assets	**For other financial assets**	**Total**
Opening loss allowance as at 1 January 2022	**(35 490)**	**(40 742)**	**(76 232)**
(Increase) in the provision recognised in profit or loss in other expenses during the year (Note 14)	(9 898)	(2 353)	(12 251)
Expected credit loss net-off with interest income	-	(1 266)	(1 266)
Reclassification of loss allowance provision	(1 702)	179	(1 523)
Cumulative currency differences	(306)	(1 115)	(1 421)
Decrease in the provision due to disposal of subsidiaries	705	-	705
Receivables written off during the year as uncollectible	590	-	590
As at 31 December 2022 (Note 21, Note 22)	**(46 101)**	**(45 297)**	**(91 398)**
(Increase) in the provision recognised in profit or loss in other expenses during the year (Note 14)	285	(1 204)	(919)
Realised fully allowed financial assets	-	20 991	20 991
Expected credit loss net-off with interest income/ reversal	-	1 006	1 006
Reclassification of loss allowance provision	-	(253)	(253)
Cumulative currency differences	286	(2 721)	(2 435)
Decrease in the provision due to disposal of subsidiaries	149	300	449
Fully impaired receivables written off during the year as uncollectible	1 401	15 960	17 361
As at 31 December 2023 (Note 21, Note 22)	**(43 980)**	**(11 218)**	**(55 198)**

Measurement of significant increase in credit risk

The Group measures the probability of default upon initial recognition of a financial asset and at each balance sheet date considers whether there has been a significant increase in credit risk since the initial recognition. To assess whether there is a significant increase in credit risk the Group compare the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. The following indicators are assessed when analysing whether significant increase in credit risk has occurred:

- significant changes in internal credit rating (described below in paragraph "Other financial assets measured at amortised cost");

- significant change in external credit rating (if available);

- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the client's ability to meet its obligations;

- actual or expected significant changes in the operating results of a client.

(All tabular amounts are in EUR '000)

3.1 Financial risk factors (continued)

A significant increase in credit risk is presumed when the following events are identified:
- for all debtors except for start-up business companies - if probability of default calculated based on the individual assessment model (described below) increases by more than 20 percent;
- for start-up business companies (see definition below) – if the budgets are not followed three years in a row.

The presumptions made by the Management of the Group and presented above are measured on the basis of the historical experience of the Groups aviation business. According to the overdue debt recovery statistical data of the Group the Management believes that the credit risk has not increased significantly since initial recognition even if the contractual payments are more than 30 days past due.

Start-up business company – is a subsidiary or associate of the Group which is typically a newly established or acquired company for developing a viable business model around an innovative product, service, process or a platform.

Definition of default

Based on the Group's historical statistical information on debt recovery and experience in aviation business, a default on a financial asset is determined when either of these events take place:
- probability of default calculated based on the internal model is more than 50 percent;
- start-up business company does not meet its budgets for 5 years.

The management considers that a more lagging default is appropriate due to the specific regulations, authorizations and licencing requirements for aviation business and Group's overall experience with start-up entities.

A summary of the assumptions underpinning the Groups' expected credit loss model is as follows:

Category	Stage	Company definition of category	Basis for recognition of ECL
Category 1 Category 2	Stage 1	Financial assets whose credit risk is in line with original expectations.	12 months expected losses. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime.
Category 3 Category 4	Stage 2	Financial assets for which a significant increase in credit risk has occurred compared to original expectations. A significant increase in credit risk is presumed when the following events are identified: - for all debtors except for start-up business companies - if probability of default calculated based on the individual assessment model (described below) increases by more than 20 per cent; - for start-up business companies (see definition below) – if the budgets are not followed three years in a row.	Lifetime expected losses
Category 5	Stage 3	Financial assets for which a default is determined. A default on a financial asset is determined when either of these events take place: - probability of default calculated based on the internal model is more than 50 percent; - start-up business company does not meet its budgets for 5 years.	Lifetime expected losses
Category 6	Stage 3	It becomes probable that a customer will enter to bankruptcy and there is no reasonable expectation of recovery.	Asset is written off through profit or loss to the extent of expected losses

Group uses individual assessment model for determining ECL for large trade receivables (above EUR 2 million), strategic client's other financial assets as described below. The Group uses six categories of internal credit rating (category 1 being least risky and category 6 – defaulted), which reflect credit risk of financial assets. Financial assets are assigned to a certain category using a combination of these indicators:
- EBITDA margin;
- liquidity ratio;
- equity ratio;
- debt ratio;
- average ageing of receivable;
- default risk of the country where client is running its business (used for government-owned companies).

Expected changes in macroeconomic situation is incorporated as part of the internal rating model. The Group's management reviews key macroeconomic indicators for the markets where Group's debtors are operating and determines if there are expected significant changes that would affect ECL. If management determines that there are no such significant expected changes in macroeconomic variables, ECL based on historical information is used.

Write-off policy

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan and the Group does not possess any collateral or other means of recovery. After write-off the Group continues to engage in enforcement activity with attempt to recover the receivable due. Any recoveries are recognised as a gain in statement of profit or loss and other comprehensive income.

Measurement of ECL- trade receivables and other contract assets

The Group applies the simplified approach for calculation of lifetime expected credit losses using the provision matrix for all trade receivables except for individual exposures above EUR 2 million or exposures from strategic clients, based on Group's management decision. To measure the expected credit losses using provision matrix, trade receivables are split into separate pools, based on shared credit risk characteristics. Receivables in each pool are grouped according to payment delay days and loss rates are applied to each delay group. The loss rates are calculated using statistical recovery information from the last 5 years (when available) and adjusted if considered necessary taking into account forward looking information. The table below shows expected credit loss information calculated for the Group according to each delay group. As trade receivables usually do not include any collateral or other credit enhancements, expected loss rate equals probability of default.

2023	**Not past due and past due up to 30 days**	**31-90 days past due**	**91-180 days past due**	**More than 180 days past due**	**Total**
GROUP					
Expected loss rate	0,65%	2,83%	5,12%	90,73%	**11,20%**
Gross carrying amount	141 019	9 863	9 328	20 454	**180 664**
Loss allowance provision	(918)	(279)	(478)	(18 557)	**(20 232)**

2022	**Not past due and past due up to 30 days**	**31-90 days past due**	**91-180 days past due**	**More than 180 days past due**	**Total**
GROUP					
Expected loss rate	0,40%	2,58%	6,72%	78,63%	**13,33%**
Gross carrying amount	122 997	7 532	3 498	25 957	**159 984**
Loss allowance provision	(487)	(194)	(235)	(20 409)	**(21 325)**

(All tabular amounts are in EUR '000)

3.1 Financial risk factors (continued)

The Group uses individual assessment model for determining ECL for large trade receivables (above EUR 2 million) or strategic clients based on the Group's Management decision. For these exposures, individual assessment model is used as described below in the paragraph Measurement of ECL - other financial assets at amortised cost.

The Group's loss allowance provision as at 31 December 2023 for large trade receivables, and receivables from strategic clients is determined as follows:

Internal credit rating*	Credit stage	Expected credit losses	Basis for recognition of expected credit loss provision	Gross carrying amount	Loss allowance provision
Category 1	Stage 1	0,28%	12 months expected losses. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime.	22 307	(63)
Category 2	Stage 1	7,34%		926	(68)
Category 3	Stage 2	10,98%		1 657	(182)
Category 4	Stage 2	38,98%		59	(23)
Category 5	Stage 3	83,58%	Lifetime expected losses	2 144	(1 792)
Category 6	Stage 3	98,99%		21 840	(21 620)
Total:		**48,53%**		**48 933**	**(23 748)**

The Group's loss allowance provision as at 31 December 2022 for large trade receivables, and receivables from strategic clients is determined as follows:

Internal credit rating*	Credit stage	Expected credit losses	Basis for recognition of expected credit loss provision	Gross carrying amount	Loss allowance provision
Category 1	Stage 1	0,07%	12 months expected losses. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime.	37 978	(27)
Category 2	Stage 1	9,13%		1 675	(153)
Category 3	Stage 2	10,45%		507	(53)
Category 4	Stage 2	26,54%		1 526	(405)
Category 5	Stage 3	86,25%	Lifetime expected losses	1 658	(1 430)
Category 6	Stage 3	99,14%		22 505	(22 310)
Total:		**37,02%**		**65 849**	**(24 378)**

Measurement of ECL - other financial assets measured at amortised cost

Other financial assets at amortised cost include corporate bonds, loans to related parties and key management personnel, lease receivables, accrued interest and other receivables. The Group uses individual assessment model for determining ECL for other financial assets as described above in section "Measurement of significant increase in credit risk".

The Group's loss allowance provision as at 31 December 2023 for other financial assets measured at amortised cost is determined as follows:

Internal credit rating*	Credit stage	Expected credit losses	Basis for recognition of expected credit loss provision	Gross carrying amount	Loss allowance provision
Category 1	Stage 1	0,24%	12 months expected losses. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime.	120 658	(286)
Category 2	Stage 1	6,65%		4 000	(266)
Category 3	Stage 2	9,71%		175	(17)
Category 4	Stage 2	24,60%		126	(31)
Category 5	Stage 3	84,21%	Lifetime expected losses	19	(16)
Category 6	Stage 3	99,77%		10 626	(10 602)
Total:		**8,27%**		**135 604**	**(11 218)**

The Group's loss allowance provision as at 31 December 2022 for other financial assets measured at amortised cost is determined as follows:

Internal credit rating*	Credit stage	Expected credit losses	Basis for recognition of expected credit loss provision	Gross carrying amount	Loss allowance provision
Category 1	Stage 1	0,62%	12 months expected losses. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime.	46 705	(288)
Category 2	Stage 1	7,00%		1 443	(101)
Category 3	Stage 2	9,94%		483	(48)
Category 4	Stage 2	25,00%		108	(27)
Category 5	Stage 3	0,00%	Lifetime expected losses	-	-
Category 6	Stage 3	99,96%		44 852	(44 833)
Total:		**48,40%**		**93 591**	**(45 297)**

*Financial ratios are not calculated for start-up business companies. Nine internal credit rating categories for start-up business companies are assigned on initial recognition depending on the term of activity since establishment. Initially start-up businesses are measured based on 12-month ECL. At each balance sheet date, the Group considers whether there has been a significant increase in credit risk since the initial recognition. According to the definition of significant increase in credit risk for start-up business companies, if a company's operating results are decreasing or a company does not meet its budgets for three years, it is treated as a significant increase in credit risk and lifetime ECL is calculated. 1-3 categories for start-up business companies are measured as 12-month ECL, 4-8 categories - lifetime expected losses and written off if they fall to the 9th category.

The loss allowance provision for other financial assets at amortised cost as at 31 December 2023 reconciles to the opening loss allowance for that provision as follows:

	Loans	Investment in bonds	Other receivables	Total
Opening loss allowance as at 1 January 2022	**(24 570)**	**(9 974)**	**(6 198)**	**(40 742)**
(Increase) in the provision recognised in profit or loss in other expenses during the year	(1 107)	-	(1 246)	(2 353)
Expected credit loss net-off with interest income	(1 266)	-	-	(1 266)
Reclassification of loss allowance provision	169	-	10	179
Currency translation differences	(618)	(146)	(351)	(1 115)
As at 31 December 2022	**(27 392)**	**(10 120)**	**(7 785)**	**(45 297)**
(Increase) in the provision recognised in profit or loss in other expenses during the year	(415)	201	(990)	(1 204)
Realised fully allowed financial assets	15 302	-	5 689	20 991
Expected credit loss net-off with interest income/reversal	1 006	-	-	1 006
Reclassification of loss allowance provision	-	474	(727)	(253)
Decrease in the provision due to disposals	300	-	-	300
Fully impaired receivables written off during the year as uncollectible	5 822	6 890	3 248	15 960
Currency translation differences	(2 265)	655	(1 111)	(2 721)
As at 31 December 2023	**(7 642)**	**(1 900)**	**(1 676)**	**(11 218)**

Cash and cash equivalents (assessed in accordance with long-term borrowings ratings*)

(All tabular amounts are in EUR '000)

3.1 Financial risk factors (continued)

Major amounts of cash are held in the banks and financial institutions with a Standards & Poor's rating not lower than B, the impact of IFRS 9 has no significant effect on the measurement and valuation of the Group's cash and cash equivalents. As of 31 December 2023, the highest amount held at one bank was 32% from all balance (2022: 36%). See the table below for analysis of the Group's cash and cash equivalents according to the credit quality (Note 23):

	2023	2022
AA-	11 348	56 372
A+	111 729	103 436
AA	-	190
A	3 134	17 831
A-	11 199	1 251
AAA	8	25
AA+	-	149
BBB+	43 655	105 285
BBB	7 567	22 630
BBB-	128	7 378
BB+	176	25
BB	1 223	3 386
B+	-	89
B	-	-
B-	4 289	1 616
CCC-	2 268	1 351
Other	3 688	2 875
Cash on hand	141	829
	200 553	**324 718**

* - external long-term credit ratings set by international agencies Standards & Poor's, Fitch ratings and Moody's Ratings as at 2023/2024.

Bank deposits

As at 31 December 2023 the Group had outstanding short-term bank deposits in amount of EUR 2 944 thousand, which were held at A+ and BBB+ rated banks (31 December 2022: EUR 1 504 thousand – A+ and BBB+ rated banks). As at 31 December 2023 the Group had outstanding long-term bank deposits in amount of EUR 865 thousand, which were held at A+ and BBB+ rated banks (31 December 2022: EUR 859 thousand – A+ and BBB+ rated banks).

Security deposit with lessor

Security deposit with lessor held by the Group as of the periods presented are neither past due nor impaired. The Group does not analyse these financial assets according to credit quality.

Liquidity risk

Liquidity risk management implies maintaining sufficient cash and the availability of funding through other group companies. Liquidity risk is managed by the General Managers of entities of the Group in close cooperation with the Company to maintain a minimum required liquidity position.

As at 31 December 2023 current liabilities in fifty-three subsidiaries of the Group exceeded the current assets. Management of the Group believes that this will not have any impact on the ability of subsidiaries of the Group to continue as going concern (Note 4 "Going concern").

The Group's liquidity management policy involves projecting cash flows and considering the level of liquid assets necessary to meet these. The table below allocates the Group's financial liabilities into relevant maturity groupings based on remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Trade and other payables and deposits received due within/after 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year	**Between 1 – 5 years**	**Over 5 years**
31 December 2023			
Trade and other payables	220 770	3 711	-
Bank overdraft	-	-	-
Bonds issued	174 363	-	-
Bank borrowings	14 317	21 571	3 023
Security deposits received	17 632	845	-
Lease liabilities	297 060	857 293	162 812
Derivative financial instruments	-	1 605	-
Accrued expenses for certain contracts	271	-	-
Other borrowings	10 949	7 820	2 870
	735 362	**892 845**	**168 705**
31 December 2022			
Trade and other payables*	167 864	6 892	17
Bank overdraft	298	-	-
Bonds issued	14 700	200 160	-
Bank borrowings	4 863	30 581	2 292
Security deposits received	11 282	1 068	-
Lease liabilities	141 586	396 314	65 798
Derivative financial instruments	-	195	-
Accrued expenses for certain contracts	458	-	-
Other borrowings	11 784	15 166	4 286
	352 835	**650 376**	**72 393**

* *The comparative figures were amended to reflect proper comparability.*

The preferred shares classified as a financial liability are mandatorily settled in shares and do not include a contractual obligation to deliver cash. They do not expose the Group to liquidity risk and hence are not included in the liquidity disclosure.

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

(All tabular amounts are in EUR '000)

3.2 Capital risk management (continued)

The Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated balance sheet plus net debt.

The Group's gearing ratio is as follows:

	2023	2022
Total borrowings (Note 27) *	1 220 841	717 853
Less: cash and cash equivalents (Note 23)	(200 553)	(324 718)
Net debt*	1 020 288	393 135
Total equity	347 881	315 617
Total capital	**1 365 225**	**708 752**
Gearing ratio	75%	55%

*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. For more details on the instrument, refer to Note 37.

The Group is subject to incurrence covenants imposed by the issued bonds: financial ratios related to net debt, EBITDA, secured indebtedness and other qualitative restrictions. During the years 2023 and 2022, the Group complied the externally imposed capital requirements to which it is subject.

3.3 Fair value estimation

The fair value of financial assets and financial liabilities for the disclosure purposes is estimated by discounting the cash flows from each class of financial assets or financial liabilities.

Fair value of interest free security deposit with the suppliers approximates its carrying value which was calculated discounting nominal value of deposit using market interest rate. Loans to third and related parties were granted at market interest rates, therefore, their carrying value approximate fair value.

The fair value of bank borrowings and leases with variable rates approximate their carrying amount. The fair value of long-term bank deposits cash and cash equivalents due to their high liquidity approximate their carrying amounts. The fair value of trade and other receivables, contract assets due to their short-term nature do approximate their carrying amounts.

Other borrowings were received at market interest rates, therefore, their carrying value approximate fair value.

Bond maturity is within one year, therefore fair value estimate would not give a material difference from the carrying amount.

Most non-current trade and other payables are to be settled within 2 years; fair value estimate would not give a material difference from the carrying amount.

4 Critical Accounting Estimates and Significant Judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.
Management also makes certain judgments, apart from those involving estimations, in the process of applying the accounting policies. Judgments that have the most significant effect on the amounts recognised in the financial statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year include:

(a) Expected credit losses (ECL) on accounts receivable

The Group recognises loss allowances for expected credit losses (ECL) on financial assets measured at amortised cost: trade receivable, loans, other receivable, bonds, and contract assets. Total ECL amounted to EUR 55 215 thousand as at 31 December 2023 and 91 398 thousand as at 31 December 2022.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECL, all other financial assets with no significant increase in credit risk are measured as 12-month ECL, with significant increase in credit risk – lifetime ECL:
- Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument;
- 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

For more detailed information about ECL modules used by the Group and significant increase in credit risk details see Note 3.1 Credit Risk.

(b) Allowances for inventories

The Group has a material inventory balance and performs testing whether inventory balance is properly accounted for at the lower of cost and net realisable value by estimating allowance for slow moving or obsolete inventory. For this estimation the Group reviews major inventory items and establishes net realisable values based on the best estimate of the selling prices of each inventory item, taking into account management's experience and market conditions. Deviations of management estimated selling prices from actual prices at which inventory items may be sold may lead to a material impact on the Group's profit or loss. Allowances for inventories amounted to EUR 16 531 thousand as at 31 December 2023 and EUR 14 455 thousand as at 31 December 2022 and are disclosed in Note 20.

4. Critical Accounting Estimates and Significant Judgments (continued)

(c) Taxes

Tax authorities have a right to examine accounting records of the Group at any time during the various periods (depending on jurisdiction) after the current tax year and account for additional taxes and fines. In the opinion of the Group's management, currently there are no circumstances that might result in a potential material liability in this respect to the Group. The Group is subject to taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made. Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Deferred tax assets amounted to EUR 38 486 thousand as at 31 December 2023 and EUR 17 863 thousand as at 31 December 2022 after appropriate offsetting with deferred tax liability and are disclosed in Note 30.

(d) Property, plant and equipment and intangible assets

Estimates concerning useful lives of property, plant and equipment and intangibles assets may change due to constant technology advancement. Useful lives of property, plant and equipment are disclosed Note 2.5 and depreciation charge for the year is disclosed in Note 16. Useful lives of intangible assets are disclosed Note 2.7 and amortisation charge for the year is disclosed in Note 17. Increasing an asset's expected useful life or its residual value would result in a reduced depreciation/amortisation charge. The useful lives of property, plant and equipment and intangibles are determined by the management at the time the asset is acquired and reviewed on an annual basis for appropriateness. The lives are based on historical experiences with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology. The residual value of aircraft engines represents the amount the Management believes, based on historical experience, the aircraft engine can be sold or traded for at the end of its useful life, after its tear down into spare parts and components (Note 2.5).

Property, plant and equipment amounted to EUR 1 410 635 thousand as at 31 December 2023 and EUR 776 321 thousand as at 31 December 2022 and are disclosed in Note 16. Intangible assets amounted to EUR 136 984 thousand as at 31 December 2023 and EUR 110 215 thousand as at 31 December 2022 and are disclosed in Note 17.

(e) Estimated impairment of goodwill and purchase price allocation

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in the Note 2.8. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates (Note 17).

As disclosed in Note 2.2, the acquisition method of accounting is used to account for business combinations. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. These calculations require the use of estimates which are disclosed in Note 33 "Business Combinations".

Goodwill amounted to EUR 104 726 thousand as at 31 December 2023 and EUR 85 952 thousand as at 31 December 2022 and is disclosed in Note 17 and Note 33.

(f) Provision for "C-check"

Under some lease contracts, the Group (as a customer) has the obligation at its expense to perform a periodic C-check inspection upon the redelivery of the leased aircraft or at some defined periods if not returned earlier. For this present obligation the Group makes the best estimate for C-check (separate components repair and maintenance) expenses based on historical costs for similar inspections, taking into account management's experience and market conditions. Deviations of management estimated C-Check expenses from actual expenses at which component item may be repaired or/and maintained might occur, although expected not to lead to any material impact on the Group's profit or loss and is accounted for when occur. With the adoption of IFRS 16 Leases effective from 1 January 2019, estimated C-Checks costs related to aircraft leases for which a right-of-use asset is recognised are capitalised to a right-of-use asset when contractual obligation arises (usually after the most recent C-check event) and depreciated during the remaining period until the next C-Check event. In cases when the Group lease contracts do not fall in the scope of IFRS 16 (e. g. power by hour contracts), anticipated and unavoidable C-check provisions are accrued and expensed to profit or loss in full upon recognition of provision. Provisions for C-check amounted to EUR 40 005 thousand as at 31 December 2023 and 18 819 thousand as at 31 December 2022 (Note 19).

When the lease contract does not determine the C-check inspection upon the redelivery condition, such costs are capitalized when incurred and depreciated during the remaining period of the lease or until next inspection depending which is first.

(g) Going concern

As stated in Note 2.1, these consolidated financial statements were prepared on a going concern basis, which assumes continuity of current activities and the realization of assets and settlement of liabilities in the ordinary course of business.

As at 31 December 2023 the Group's current liabilities exceeded current assets by EUR 184 059 thousand.

The Directors have made appropriate enquiries and carried out a thorough review of the Group's forecasts, projections and available banking facilities taking account of committed outflows. Consideration was also given to a reasonable downside scenario including to possible changes in trading performance and potential business risk. The forecasts indicate sufficient liquidity headroom will be maintained and applicable financial covenants will be met throughout the period.

The directors intend to seek to refinance the maturing bonds with a new bond issue. For going concern purposes the directors have performed their analysis including a downside scenario where the refinancing does not take place in 2024 as planned.

Having regard to the factors outlined above, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, being a period of 12 months from the date of approval of these financial statements. the directors have concluded that the range of possible outcomes considered in arriving at this judgement does not give rise to material uncertainties related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern for at least twelve months from the date of approval of the financial statements. As a result, the Directors consider that it is appropriate to continue to adopt the going concern basis in preparing the financial statements.

4. Critical Accounting Estimates and Significant Judgments (continued)

(h) Related party transactions

In the normal course of business, the Group enters into transactions with its related parties. Judgment is applied in determining if transactions are priced at market or non-market rates, where there is no active market for such transactions. For the related party transactions that occurred during the current and prior period refer to Note 34.

(i) Valuation of convertible preferred shares

As at 15 December 2021 the Group has raised capital of EUR 300 million by issuing 19 444 444 convertible preferred shares. The structured equity instrument includes features of dividend rights, conversion and redemption options, liquidation preferences. Based on the financial reporting framework and selected accounting policy the convertible preferred shares are classified as financial liabilities accounted at fair value through profit (loss), while fair value changes relating to Groups' own-credit risk are accounted in other comprehensive income.

As at 31 December 2023, management has applied judgement in determining the fair value of the unquoted equity instrument. The Group has used the discounted cash flow method to determine the underlying share value of the Group and adopted equity allocation model to determine the fair value of the preferred shares. Key inputs used in the valuation of own equity price include prospective financial information forecast, discount rate, terminal growth rate, discount for lack of marketability. The key inputs used in the equity allocation method are share price of own equity, risk-free rate, standard deviation of comparable equity prices, time estimate up to liquidity event and lack of control discount. Since part of the inputs are not observable, the valuation is subject to high uncertainty, therefore management has prepared sensitivity analysis on potential instrument valuation outcomes. For more details on the instrument, refer to Note 37.

(j) Consolidation of structured entities

The Group has established two contractual arrangements concerning BBN Hava Yollari ve Tasimacilik Anonim Sirketi and BBN Airlines Indonesia. The Group has no legal ownership of BBN Hava Yollari ve Tasimacilik Anonim Sirketi and it holds 49% share capital of BBN Airlines Indonesia. In accordance with IFRS 10, the investor controls an investee when it is exposed, or has rights, to variable returns from its involvements with the investee and has the ability to affect those returns through its power over the investee. Thus, an investor controls an investee if an only if the investor has all the following: power over the investee (i.e. current ability to direct relevant activities); exposure, or rights, to variable returns from its involvement with the investee; and the ability to use its power over the investee to affect the amount of the investor's returns.

Following an assessment, management has applied judgement and determined that these investments maintain the entire economic interest for the Group and that the Group possesses control, the ability to utilize its power over the investees, and has both exposure and variable returns from both entities. Consequently, full consolidation is appropriate for both entities, with no recognition of non-controlling interests.

(k) Impact of Russia-Ukraine war

On 24 February 2022 Russia started a military invasion of the independent state of Ukraine. The military attack affected not only Ukraine, Russia and Belarus, but also the Europe and the world. In response to the Ukraine War, the United States, the European Union, the United Kingdom and other countries have implemented the comprehensive sanctions against Russia and Belarus. The sanctions include prohibitions regarding, inter alia, the supply of aircraft and aircraft components directly or indirectly, to any natural or legal person, entity or body in Russia or for use in Russia.

As of 31 December 2023, the Group has six entities in Ukraine, none in Russia or Belarus. Before intercompany eliminations, total revenues generated by these entities in 2023 was EUR 25 875 thousand (2022: EUR 40 756 thousand) and total assets comprised to EUR 52 979 thousand (2022: EUR 67 648 thousand).

As of 31 December 2023, the Group has an outstanding right-of-use assets (EUR 5 355 thousand) and lease liabilities for aircrafts in amount of EUR 6 100 thousand and deposits placed in amount of EUR 2 600 thousand, these balances were related to sanctioned entities. When the sanctions were announces, the aircrafts were not prepared for intended use by management. Further contract settlement, terminations or asset recoverability are subject to subsequent regulatory developments.

The Group had an equity share in the joint venture company AviaAM Financial Leasing China Co. Ltd., which was being accounted using equity method. The entity had significant exposure in aircraft fleet, which was leased to Russian-based lessee and after the leased aircrafts were seized by Russian authorities, the entity has accounted significant asset impairment charges. Consequently, at Group level, share of loss of equity-accounted investees in amount of EUR 55 million was charged during 2022, effectively reducing the carrying amount of investment to zero. For details refer to Note 18.

In relation to making estimates and impairment testing, the prospective financial information took into consideration the impact of the Russia-Ukraine war.

5. Segment information

The Group is organised into business units based on the services provided, and has three operating segments:

- Logistics and Distribution Services. Segment provides services using aircraft to airline and non-airline customers using contracted capacity. This segment includes logistics services, a wide range of aircraft charter and ACMI services to cargo, passenger clients across a broad spectrum of industries, as well as aircraft sourcing and leasing services.
- Support Services. The segment is involved in providing services to airlines to support their business. This segment includes aircraft and aircraft components' maintenance services, repair, overhaul, engineering, spare parts and consumable sale, aircraft handling, passengers servicing, tickets sale and into-plane fuelling, full scope of integrated flight training and recruitment solution services.
- Unallocated. Holding, asset management, financing services, railway business and other business not related to aviation.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. The segment performance is analysed on monthly basis based on internal reports provided to the chief operating decision makers of the Group.

The accounting policies of the operating segments are the same as the Group's accounting policies described in Note 2. Segment revenue, cost and operating expenses, other income, other gain/loss and segment operating profit include transfers between operating segments. Those transfers are eliminated on consolidation.

Management analyses the activities of the Group both from geographic and business perspective. From business perspective the Management analyses the Group sales volume and operating profit (loss) based on businesses the Group is involved in (according to the Group companies' activities), referred to as segments. Operating profit (loss) is a measure of segment profit or loss for management analysis purposes. Management also regularly reviews capital investments on segment basis therefore additions to non-current assets has been separately disclosed according to each operating segment.

(All tabular amounts are in EUR '000)

5. Segment information (continued)

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 operating segments for years ended 31 December 2023 and 2022:

Year ended 31 December 2023	**Logistics and Distribution Services**	**Support Services**	**Unallocated**	**Inter-segment transactions**	**Total**
Operations					
Revenue from contracts with external customers	1 562 148	660 367	40 258	-	**2 262 773**
Intersegment sales	5 211	44 553	13 729	(63 493)	**-**
Total revenue	**1 567 359**	**704 920**	**53 987**	**(63 493)**	**2 262 773**
Other income (Note 6)	2 230	654	22 187	(21 605)	**3 466**
Cost of services and goods purchased (Note 10)	(1 092 550)	(331 688)	(28 780)	46 458	**(1 406 560)**
Employee related expenses (Note 7)	(120 760)	(255 734)	(20 477)	1 208	**(395 763)**
(Increase)/ decrease in the provision for impairment of financial assets	128	(6 288)	(20 626)	25 867	**(919)**
(Increase)/ decrease in the provision for impairment of non-financial assets	(4 740)	1 326	111	-	**(3 303)**
Other operating expenses (Note 11)	(60 098)	(39 186)	(9 531)	11 455	**(97 360)**
Depreciation and amortisation (Note 8, 16, 17)	(206 930)	(25 980)	(8 234)	1 864	**(239 280)**
Other gains – net (Note 9)	44 727	5 579	(7 159)	(6 544)	**36 603**
Segment operating profit (loss)	**129 366**	**53 603**	**(18 522)**	**(4 790)**	**159 657**
Finance costs - net (Note 12)					(90 232)
Share of profit of associates (Note 18)					2 706
Profit before income tax					**72 131**
Income tax (expenses) (Note 13)					(3 945)
Net profit for the period					**68 186**
As at 31 December 2023:					
Segment assets	1 736 093	498 136	208 118	-	**2 442 347**
Segment liabilities	1 257 600	271 001	565 865	-	**2 094 466**
Acquisition of non-current assets (Notes 15, 16, 17)	784 226	81 277	35 274	-	**900 777**

(All tabular amounts are in EUR '000)

5. Segment information (continued)

Year ended 31 December 2022	Logistics and Distribution Services	Support Services	Unallocated	Inter-segment transactions	Total
Operations					
Revenue from contracts with external customers	1 255 680	562 023	34 983	-	**1 852 686**
Intersegment sales	5 491	45 795	8 592	(59 878)	**-**
Total revenue	**1 261 171**	**607 818**	**43 575**	**(59 878)**	**1 852 686**
Other income (Note 6)	1 550	808	15 565	(15 091)	**2 832**
Cost of services and goods purchased (Note 10)	(932 334)	(310 603)	(16 904)	66 434	**(1 193 407)**
Employee related expenses (Note 7)	(74 415)	(216 933)	(15 275)	30	**(306 593)**
(Increase)/ decrease in the provision for impairment of financial assets	(807)	(10 349)	(14 422)	13 327	**(12 251)**
(Increase)/ decrease in the provision for impairment of non-financial assets	(3 750)	(2 693)	(8 192)	1 000	**(13 635)**
Other operating expenses (Note 11)	(40 183)	(36 166)	(11 940)	8 370	**(79 919)**
Depreciation and amortisation (Note 8, 16, 17)	(87 663)	(19 709)	(7 547)	138	**(114 781)**
Other gains – net (Note 9)	22 256	4 026	(434)	1 197	**27 045**
Segment operating profit (loss)	**145 825**	**16 199**	**(15 574)**	**15 527**	**161 977**
Finance costs - net (Note 12)					(79 440)
Share of profit of associates (Note 18)					(55 091)
Profit before income tax					**27 446**
Income tax (expenses) (Note 13)					(15 779)
Net profit for the period					**11 667**
As at 31 December 2022:					
Segment assets	1 009 481	343 112	401 709	-	**1 754 302**
Segment liabilities	647 226	220 839	561 862	-	**1 429 927**
Acquisition of non-current assets (Notes 15, 16, 17)*	498 342	28 556	16 992	-	**543 890**

*Management have revised presentation of the acquisition of non-current assets to better reflect IFRS 8.24 requirements. Previously only acquisitions of property, plant and equipment together with intangibles assets were included. The updated presentation, also, includes right of use asset additions.

(All tabular amounts are in EUR ‘000)

5. Segment information (continued)

The Group’s revenue from external customers by geographical location of subsidiaries and by operating segments detailed below:

Year ended 31 December 2023	Logistics and Distribution	Support Services	Unallocated	Total
Europe	993 109	495 443	37 469	**1 526 021**
Asia	350 006	95 769	1 362	**447 137**
Americas	97 761	30 278	549	**128 588**
Africa	65 574	18 937	85	**84 596**
CIS	13 634	14 675	785	**29 094**
Australia and pacific islands	42 064	5 265	8	**47 337**
Total	**1 562 148**	**660 367**	**40 258**	**2 262 773**

Year ended 31 December 2022	Logistics and Distribution	Support Services	Unallocated	Total
Europe	1 022 234	438 339	34 117	**1 494 690**
Asia	105 755	76 425	399	**182 579**
Americas	68 323	24 031	135	**92 489**
Africa	59 079	7 456	33	**66 568**
CIS	161	12 478	296	**12 935**
Australia and pacific islands	128	3 294	3	**3 425**
Total	**1 255 680**	**562 023**	**34 983**	**1 852 686**

The Group’s revenue breakdown based on type detailed below:

	Revenue type	Timing of recognition	2023	2022
ACMI services	Wet lease services	Over the period	816 893	486 742
Charter activities	Sales of services	At the point in time	467 299	485 018
MRO aircraft and helicopter services	Sales of services	Over the period	206 162	145 578
MRO spare parts/components	Sales of goods	At the point in time	97 397	81 433
Ground handling & fuelling	Sales of services	At the point in time	285 589	314 637
Broker activities	Commission income	At the point in time	165 477	199 195
Sale of aircraft	Sales of goods	At the point in time	61 799	17 876
Crew training and staffing services	Sales of services	Over the period	29 075	19 418
Other business	Sales of goods and services	At the point in time	133 082	102 789
Total revenue			**2 262 773**	**1 852 686**

Out of total revenue above, revenue related to the estimated lease component of service for 2023 amounted to EUR 336 148 thousand (for 2022: EUR 235 570 thousand). During the year 2023 84 percent of aircrafts in fleet were leased (82 percent in 2022)

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers:

	31 December 2023	31 December 2022
Trade receivables	148 936	155 429
Trade receivables from related parties	695	917
Contract assets	35 986	24 701
Contract liabilities	98 155	57 327

The contract assets primarily relate to the Group’s rights to consideration for work completed but not billed at the reporting date. The contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Group issues an invoice to the customer. For contract assets movement disclosure refer to Note 22. The overall increase in both contract assets and liabilities relate to increased level of operations both in logistics & distribution and support services segment.

(All tabular amounts are in EUR '000)

5. Segment information (continued)

The contract liabilities primarily relate to the deferred revenue – issued sales invoices for good and services not yet provided.

Contract liabilities	31 December 2023	31 December 2022
Deferred revenue	60 284	28 011
Advances received	30 597	21 814
Advances received from related parties	7 274	7 502
Total contract liabilities	**98 155**	**57 327**

The amount of revenue recognised during 2023 from performance obligations satisfied that was included in the contract liabilities as at the beginning of the period is EUR 46 531 thousand (2022: EUR 60 868 thousand).

The Group contract liabilities are typically of short-term nature and settled within a year.

The Group's revenue from external customers by geographical location of customers on 31 December 2023 and 31 December 2022 detailed below:

	2023	2022*
Germany	495 304	582 230
Turkey	211 523	48 304
United Kingdom	146 451	176 971
Sweden	99 096	31 946
Ireland (country of domicile from 1 March 2023)	78 104	112 747
Netherlands	75 408	55 645
Lithuania	74 390	76 189
Hungary	69 183	57 610
Hong Kong	67 698	21 012
United States of America	58 927	60 858
Saudi Arabia	49 334	18 459
Latvia	48 688	23 543
Poland	47 447	25 195
France	39 976	25 137
Belgium	34 766	45 089
Kenya	32 361	33 347
Norway	32 296	39 223
Finland	31 382	22 813
Cyprus (country of domicile until 1 March 2023)	1 082	1 733
Other Countries	569 357	394 635
	2 262 773	**1 852 686**

The comparative figures were amended to reflect changes in top regions for proper comparability.

The Group's property, plant and equipment, investment properties and intangible assets by geographical locations of established subsidiaries on 31 December 2023 and 31 December 2022 detailed below:

	2023	2022
Malta	471 526	123 685
Lithuania	430 608	327 328
Latvia	195 697	157 429
Iceland	83 741	67 403
Slovakia	76 626	-
United Kingdom	71 281	72 119
Indonesia	53 798	4 192
Turkey	47 473	800
Ukraine	45 662	56 870
Sweden	24 847	18 323
United Arab Emirates	23 427	13 092
Estonia	21 991	22 190
Cyprus (country of domicile until 1 March 2023)	10 893	31 767
Ireland (country of domicile from 1 March 2023)	7 140	6 734
Other Countries	24 060	26 244
	1 588 770	**928 176**

The segment's sales to external customers are derived from the following single customers (the customers whose sales revenue exceed 10 per cent of total sales revenue of that segment in any of the years). The table below is presented without revenue from the unallocated operating segment:

	2023	2022
Other customers	660 056	562 023
Support Services segment	**660 056**	**562 023**
Customer AR	136 235	125 196
Other customers	1 426 146	1 130 484
Logistics and Distribution Services segment	**1 562 381**	**1 255 680**

EUR 136 235 thousand revenue out of total consolidated EUR 2 262 773 thousand revenue (or around 6 per cent) was received from Customer AR during 2023, EUR 125 196 thousand revenue out of total consolidated EUR 1 852 686 thousand revenue (or around 7 per cent) was received from Customer AR during 2022.

6. Other income

	2023	2022
Interest income on loans	2 022	2 016
Amortisation of government grants	106	192
Government grants	-	-
Penalty income*	442	81
Other income	896	543
	3 466	**2 832**

*Penalty income is received for terminated ACMI contracts in Aviation Logistics and Distribution Services segment.

(All tabular amounts are in EUR '000)

7. Employee related expenses

	2023	2022
Wages and salaries	347 247	271 141
Government grants for wages and salaries	(105)	(359)
Social insurance expenses	43 450	32 902
Pension reserve expenses	1 929	1 045
Contributions to defined contribution pension schemes	2 108	1 600
Benefit related to option scheme (Note 35)	1 134	264
	395 763	**306 593**
Number of full-time employees at the end of year	**6 806**	**5 476**
Average of full-time employees during the year	**6 375**	**5 284**
Out of which in Logistics & Distribution	*1 820*	*1 117*
Out of which in Support Services	*4 135*	*3 857*
Out of which in Unallocated	*420*	*310*

8. Depreciation and amortisation

	2023	2022
Depreciation of right-of-use asset (Note 16)	203 121	85 595
Depreciation of tangible assets (Note 16)	29 200	25 040
Amortisation of intangible assets (Note 17)	6 959	4 146
	239 280	**114 781**

9. Other gains – net

	2023	2022
Net gain from COVID-19 related rent concessions	-	-
Net gain on disposal of subsidiaries (Note 33)	9 853	2 396
Gains from IFRS 16 due to lease termination	1 653	6 442*
Net gain on rights transferred due to sales leaseback contracts	2 700	16 347
Net gain on sales of inventory and other current assets	216	121
Net gain/(loss) on sales of non-current assets	6 953	(290)
Net foreign exchange (loss)/gain on operating activities	(2 180)	(2 855)
Gain on IFRS 16 due to lease modification	80	4*
Net gain on sales of financial assets	17 821	1 550
Other (loss)/gain	(493)	3 330
	36 603	**27 045**

*The comparative figures in amount of EUR 5 962 thousand were amended to reflect better presentation of transactions.

The caption of 'Net gain/(loss) on sales of financial assets' includes net gain of EUR 18.3m related to sale of loans granted to third parties, which were fully impaired.

10. Cost of services and goods

	2023	2022
Aircraft fuel expenses	312 048	421 701
Cost of purchased services	118 593	149 994
Costs of aircraft sold	45 762	1 716
Rent of aircraft, engine and other supplementary services	254 170	202 894
Rent of equipment, machinery and other vehicles	21 515	6 383
Cost of goods purchased	167 591	113 424
Aircraft repair and maintenance costs	152 951	112 722
Subcontractors and other related expenses	206 082	96 493
Aircraft operations costs and flight related charges	112 229	70 581
Rent and maintenance of premises	16 135	19 195
Government grants for cost of services and goods purchased	(516)	(1 696)
	1 406 560	**1 193 407**

The government grants are directly related to compensation for rent expenses.

11. Other operating expenses

	2023	2022
Consulting expenses	22 025	17 372
Office administrative, communications and IT expenses	18 257	14 035
Insurance expenses	20 315	10 336
Transportation and related expenses	1 708	10 716
Business travel expenses	12 756	7 994
Marketing and sales expenses	7 850	5 275
VAT expenses	2 529	1 411
Other expenses	11 920	12 780
	97 360	**79 919**

Other expenses include bank fees, penalties, donations, and other expenses not attributable to other note line items.

Consulting expenses include statutory and group audit fees for the audit of the financial statements.

<u>Group auditor remuneration and non-audit services</u>

	2023		2022	
	PwC Ireland	**PwC Overseas**	**PwC Ireland**	**PwC Overseas**
Group auditors – PwC				
Audit of Group accounts	130	1 188	-	1 079
Tax advisory services	23	207	-	100
Other non-audit services	30	84	-	131
	183	**1 479**	**-**	**1 310**

(All tabular amounts are in EUR '000)

12. Finance income and costs

	2023	2022
Profit from bonds repurchase	498	2 241
Interest income on cash and cash equivalents	4 918	1 489
Gain from fair value recognized in profit and loss	165	-
Foreign exchange gain on financing activities	18 543	-
Other finance income	623	171
Finance income	**24 747**	**3 901**
Interest expenses on borrowings	(19 514)	(22 704)
Interest expenses on lease liabilities	(62 967)	(24 986)
Foreign exchange loss on financing activities	(607)	(3 937)
Loss from fair value change of convertible preferred shares (Note 37)	(26 850)	(24 806)
Unwinding of discounted financial assets received	(3 010)	(3 260)
Loss from fair value recognized in profit and loss	-	(1 635)
Other finance costs	(2 031)	(2 013)
Finance costs	**(114 979)**	**(83 341)**
Finance costs - Net	**(90 232)**	**(79 440)**

13. Income tax (expenses)

	2023	2022
Current income tax	(16 889)	(20 041)
Deferred income tax (Note 30)	12 944	4 262
Total income tax (expenses)	**(3 945)**	**(15 779)**

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the basic tax rate as follows:

	2023	2022
Profit before tax	**72 131**	**27 446**
Tax calculated at a tax rate 12.5 % in Ireland/Cyprus	9 016	3 431
Differences of tax rates in other jurisdictions	713	10 849
Tax effects of:		
- Expenses non-deductible for tax purposes	8 285	9 890
- Deferred tax assets not recognised	3 976	3 351
- Non-taxable income	(1 886)	(3 410)
- Recognition of previously unrecognised tax losses	(10 325)	(409)
- Adjustments in respect of prior year	(597)	(252)
- Other differences	(5 237)	(7 671)
Total income tax expenses	**3 945**	**15 799**

The key expenses non-deductible for tax purposes, include fair value charge of preferred shares in amount of EUR 3 356 thousand (2022: fair value charge of preferred shares – EUR 3 101 thousand and result from 'Share of loss of equity-accounted investees' EUR 6 885 thousand).

The key amounts in Other differences relate to reversals of uncertain tax position due to changes in Group structure.

<u>Pillar II – Global minimum tax requirements</u>

On 20 December 2021, the OECD published the draft Global Anti-Base Erosion Model Rules which were aimed at ensuring that Multinational Enterprises ("MNEs") would be subject to a global minimum 15% tax rate from 2023 ("GloBE Rules"). On 15 December 2022, the Council of the EU unanimously adopted the agreed compromise text of a directive to implement the GloBE Rules in the EU (the "Minimum Tax Directive") which introduces a minimum effective tax rate of 15%. for MNE groups and large-scale domestic groups which have annual consolidated revenues of at least EUR 750 million, operating in the EU's internal market and beyond. It provides a common framework for implementing the GloBE Rules into EU Member States' national laws. The Minimum Tax Directive contains an income inclusion rule (the "IIR") and an undertaxed profit rule (the "UTPR") which allow for the collection of an additional amount of top-up tax if the effective tax rate on income of an in-scope group is under 15%. EU Member States were required to transpose the Minimum Tax Directive into domestic legislation by 31 December 2023 with the rules becoming effective for tax years commencing on or after 31 December 2023, with the exception of the UTPR, which will apply for tax years commencing on or after 31 December 2024.

Legislation implementing the Minimum Tax Directive in Ireland was included in Finance (No. 2) Act 2023 (the "Irish Pillar Two provisions") and applies to accounting periods commencing on or after 31 December 2023. Ireland followed the overall implementation timeline proposed by the Directive (EU) 2022/2523 of 14 December 2022, i.e., 2024 for the IIR and 2025 for the UTPR.

Since the Pillar Two legislation was not effective at the reporting date, the Group has no related current tax exposure. The Group applies the exception to recognizing and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to IAS 12 issued in May 2023.

The Group, of which Avia Solutions Group (ASG) PLC is the parent entity, has determined that it is within the scope of the Irish Pillar Two provisions. There are complex rules around how the profits of a "qualifying entity" are calculated and adjusted for tax purposes, and how the tax is allocated between different members of the group. The Group is in the process of assessing its exposure to the Pillar Two legislation.

The Group has subsidiaries in countries where statutory corporate income tax rate is below 15% (e.g. UAE, Cyprus, Hungary). Nevertheless, in 2023 most of the profit before income tax was generated in countries where statutory corporate income tax is above 15%. Pillar Two legislation envisages specific adjustments which might lead to Pillar Two implications in countries with a statutory rate above 15% as well as no additional taxation in countries with a statutory rate below 15%. Due to the complexities in applying the legislation and calculating GloBE income, the quantitative impact of the enacted or substantively enacted legislation is not yet reasonably quantifiable.

(All tabular amounts are in EUR '000)

14. Provision for impairment of financial and non-financial assets

	2023	2022
Non-financial assets		
Impairment of prepayments	50	498
Impairment of inventories	2 995	4 769
Impairment of other assets	25	-
Impairment of non-current assets	33	5 463
Impairment of goodwill	200	2 905*
	3 303	**13 635**
Financial assets		
(Reversal of)/impairment of trade receivables and other contract assets	(285)	9 898
Impairment of other financial assets	1 204	2 353
	919	**12 251**
Total impairment-related expenses	**4 222**	**25 886**

*Full amount represents impairment of Kidy Tour OU goodwill in 2022.

15. 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.

(All tabular amounts are in EUR '000)

16. Property, plant and equipment

	Buildings and structures	Vehicles	Aircraft	Machinery	Leasehold improve-ments	Aircraft engines	Construction in progress	Prepayments for assets under preparation for use	Land	Other tangible fixed assets	Total
Carrying amount as of 1 Jan 2022	**40 289**	**39 234**	**47 291**	**17 392**	**4 367**	**547**	**13 835**	**38 225**	**6 377**	**19 139**	**226 696**
Additions (Note 5)	4 631	2 467	89 809	2 730	2 359	1 473	7 613	10 675	5 795	12 063	**139 615**
Disposals	(34)	(2 400)	(1 860)	(20)	(83)	-	(1)	-	-	(374)	**(4 772)**
Disposals of subsidiaries (Note 33)	(99)	(159)	-	(93)	-	-	(9)	-	-	(16)	**(376)**
Reclassifications	13 677	(347)	(20 481)	17 396	5 087	-	(17 372)	(22 058)	(2 767)	503	**(26 362)**
Write-offs	(150)	-	(292)	(19)	-	-	-	-	-	(303)	**(764)**
Asset classified as held for sale	(12 847)	-	-	-	-	-	-	-	(1 123)	-	**(13 970)**
Impairment loss (recognized) / reversed	-	(3 777)	(1 568)	(4)	-	(254)	-	-	-	13	**(5 590)**
Cumulative currency differences	242	2 400	1 155	(219)	40	16	(4)	(19)	9	(209)	**3 411**
Depreciation charge (Notes 5, 8)	(3 118)	(3 465)	(5 421)	(2 911)	(1 327)	(294)	-	-	-	(7 359)	**(23 895)**
Carrying amount as of 31 Dec 2022	**42 591**	**33 953**	**108 633**	**34 252**	**10 443**	**1 488**	**4 062**	**26 823**	**8 291**	**23 457**	**293 993**
Cost as of 1 Jan 2023	69 367	45 390	129 315	58 207	14 299	2 274	4 062**	26 823	8 291	62 045	**420 073**
Accumulated depreciation	(26 776)	(7 660)	(18 238)	(23 952)	(3 856)	(535)	-**	-	-	(38 588)	**(119 605)**
Accumulated impairment	-	(3 777)	(2 444)	(3)	-	(251)	-	-	-	-	**(6 475)**
Carrying amount as of 1 Jan 2023	**42 591**	**33 953**	**108 633**	**34 252**	**10 443**	**1 488**	**4 062**	**26 823**	**8 291**	**23 457**	**293 993**
Additions (Note 5)*	817	1 962	109 017	14 999	-	3 002	26 807	21 689	1 615	34 740	**214 648**
Acquisitions of subsidiaries (Note 33)	562	239	175	87	-	-	-	-	800	65	**1 928**
Disposals*	(23)	(116)	(36 763)	(11 286)	-	(2 845)	-	-	-	(246)	**(51 279)**
Reclassifications	5 374	(254)	(40 594)	24 138	(10 443)	-	(8 374)	(23 440)	3 504	734	**(49 355)**
Write-offs	-	(5)	(50)	(400)	-	-	(6)	(113)	-	(17)	**(591)**
Impairment loss (recognized) / reversed	-	-	(209)	-	-	-	-	-	-	-	**(209)**
Cumulative currency differences	(445)	(2 725)	(3 040)	1 120	-	(40)	402	30	(32)	(165)	**(4 895)**
Depreciation charge (Notes 5, 8)	(2 143)	(3 479)	(7 512)	(2 407)	-	(451)	-	-	-	(12 151)	**(28 143)**
Carrying amount as of 31 Dec 2023	**46 733**	**29 575**	**129 657**	**60 503**	**-**	**1 154**	**22 891**	**24 989**	**14 178**	**46 417**	**376 097**
Cost as of 31 Dec 2023	75 652	44 338	140 147	86 862	-	2 382	22 891	24 989	14 178	97 156	**508 595**
Accumulated depreciation	(28 919)	(11 139)	(9 668)	(26 359)	-	(986)	-	-	-	(50 739)	**(127 810)**
Accumulated impairment	-	(3 624)	(822)	-	-	(242)	-	-	-	-	**(4 688)**

*During the year 2023 – EUR 36 666 thousand aircraft asset additions and disposals (cost) were related to sale leaseback transactions. Out of the total additions, amount of EUR 34 406 thousand was paid on behalf of the Group by the lessor. The purpose of such transactions is to manage cashflows in operations and retain the asset benefits for future operations.

** The comparative figures were amended to reflect better presentation of Construction in progress balances as at 31 December 2022.

The Group is committed to incur property, plant and equipment related capital expenditure in amount of EUR 29 530 thousand as at 31 December 2023 (EUR 4 574 thousand as at 31 December 2022).

Aircrafts included under property, plan and equipment are used to provide wet lease or charter services.

Impairment charge on aircrafts during 2023 and 2022 was related to estimated lower recoverable amounts compared to carrying values. During 2022 under caption 'Vehicles' EUR 3 742 thousand impairment charges related to rail wagon recoverability in Ukraine were formed.

As at 31 December 2022 the Group had classified an office building with the related land as asset held for sale in amount of EUR 13 970 thousand, since it was expected that within 12 months they would be disposed. Major liability associated with the asset was an external bank loan (Note 27). The purpose of transaction was related to prudent cashflow management. The assets and liabilities held for sale were included in the Logistics & Distribution operating segment as at 31 December 2022.

During the year 2022, the Cashflow statement reflects EUR (81 411) thousand charge of 'Acquired aircrafts in relation to sale leaseback', these amounts were not presented under the 'Property, plant and equipment' additions, since the acquired aircraft the immediately disposed as sale leaseback transactions.

(All tabular amounts are in EUR '000)

16. Property, plant and equipment (continued)

Right-of-use assets	Buildings and structures	Machinery	Vehicles	Other tangible fixed assets	Leasehold improvements	Aircraft	Aircraft engines	Land	Total
Carrying amount as of 1 Jan 2022	**19 856**	**31 741**	**25 893**	**4 024**	**1 415**	**104 145**	**-**	**674**	**187 748**
Additions (Note 5)*	3 433	5 263	2 877	1 878	4 190	372 318	960	5	**390 924**
Disposals of subsidiaries (Note 33)	(69)	(4)	(106)	-	(13)	-	-	(4)	**(196)**
Impairment loss (recognized) / reversed	-	-	(12)	-	-	-	-	-	**(12)**
Reclassified to/from Property, plant and equipment	86	160	(86)	17	118	-	-	-	**295**
Contract modification / termination	(404)	2	(33)	(161)	-	(12 844)	-	-	**(13 440)**
Cumulative currency differences	(78)	(408)	1 439	(67)	99	1 631	(10)	(2)	**2 604**
Depreciation charge (Notes 5, 8)	(5 338)	(3 364)	(2 485)	(1 252)	(1 393)	(71 595)	(151)	(17)	**(85 595)**
Carrying amount as of 31 Dec 2022	**17 486**	**33 390**	**27 487**	**4 439**	**4 416**	**393 655**	**799**	**656**	**482 328**
Cost as of 1 Jan 2023	34 062	42 512	35 763	6 850	7 936	505 987	948	722	**634 780**
Accumulated depreciation	(16 576)	(9 122)	(8 276)	(2 411)	(3 520)	(112 332)	(149)	(66)	**(152 452)**
Accumulated impairment	-	-	-	-	-	-	-	-	**-**
Carrying amount as of 1 Jan 2023	**17 486**	**33 390**	**27 487**	**4 439**	**4 416**	**393 655**	**799**	**656**	**482 328**
Additions (Note 5)**	36 562	5 577	1 067	64	24 585	606 050	806	-	**674 711**
Acquisitions of subsidiaries (Note 33)	2 514	-	-	-	-	51 539	-	-	**54 053**
Reclassified to/from Property, plant and equipment	4 364	(848)	583	(4 523)	10 758	(652)	-	-	**9 682**
Contract modification / termination	4 013	438	(5 656)	-	(4)	27 601	-	-	**26 392**
Cumulative currency differences	(482)	(837)	(739)	84	(305)	(7 200)	(28)	-	**(9 507)**
Depreciation charge (Notes 5, 8)	(11 231)	(4 431)	(1 792)	(16)	(6 459)	(178 392)	(779)	(21)	**(203 121)**
Carrying amount as of 31 Dec 2023	**53 226**	**33 289**	**20 950**	**48**	**32 991**	**892 601**	**798**	**635**	**1 034 538**
Cost as of 31 Dec 2023	81 033	46 842	31 018	64	42 970	1 184 249	1 726	722	**1 388 624**
Accumulated depreciation	(27 807)	(13 553)	(10 068)	(16)	(9 979)	(291 648)	(928)	(87)	**(354 086)**
Accumulated impairment	-	-	-	-	-	-	-	-	**-**

*During the year 2022 – EUR 23 750 thousand aircraft right-of-use asset additions were related to sale leaseback transactions. The purpose of such transactions is to manage cashflows in operations and retain the asset benefits for the future operations.

**On 10 of February 2023 the Group sold its investment in one of the subsidiaries which assets were classified as held for sale as of 31 December 2022. On Group level it was a leaseback arrangement due to contracted lease from the subsidiary's headquarters building which resulted in recognition of right-of use asset additions in amount of EUR 14 422 thousand. Despite the change in ownership, the Group's subsidiary continues to occupy and utilize the building for their business operations. The purpose of such transaction is to manage cashflows in operations and retain the asset benefits for the future operations.

More information on the lease liability is disclosed under Note 27, lease payments not included under lease liability disclosed under Note 32.

Investment property	2023	2022
Opening net book amount as at 1 January	**41 640**	**31 030**
Acquisitions of subsidiaries (Note 33)	1 547	4 027
Additions (Note 5)	2 451	8 959
Reclassifications	(3 504)	(1 692)
Cumulative currency differences	74	461
Depreciation charge (Notes 5, 8)	(1 057)	(1 145)
At 31 December	**41 151**	**41 640**
Cost	47 735	46 767
Accumulated depreciation	(6 584)	(5 127)
Net book amount at 31 December	**41 151**	**41 640**

As at 31 December 2023 the investment properties were office premises in Lithuania and as at 31 December 2022 office premises in Cyprus and Lithuania. During 2023 rental income from investment property amounted to EUR 1 266 thousand (2022: EUR 801 thousand) when direct operating expenses that generated rental income amounted to EUR 894 thousand (2022: EUR 620 thousand). Direct operating expenses arising from investment property that did not generate rental income during 2023 and 2022 were equal to zero.

Total amount of additions during 2023 consists of subsequent expenditures capitalized (during 2022 – EUR 1 166 thousand relates to direct asset acquisitions). The Group had no outstanding commitments to acquire investment properties as at 31 December 2023 and 31 December 2022.

As at 31 December 2023 buildings and investment property of the Group with the carrying amounts of EUR 12.7 million (as at 31 December 2022: EUR 9.1 million), machinery, vehicles and aircraft of the Group with the carrying amounts of EUR 31.7 million (as at 31 December 2022: EUR 15.8 million) were pledged to the bank as collateral for borrowings (Note 27). The terms and conditions relating to pledges are standard.

(All tabular amounts are in EUR '000)

16. Intangible assets

	Licences & Software	Goodwill	Website	Customer relationship	Other intangible assets	Prepayments relating to intangible assets	Total
Carrying amount as of 1 Jan 2022	**9 427**	**88 902**	**255**	**9 585**	**4 221**	**1 194**	**113 584**
Acquisitions of subsidiaries	-	-	-	-	-	-	**-**
Additions (Other)(Note 5)	1 467	-	180	-	407	1 298	**3 352**
Additions (internally generated) (Note 5)	1 040	-	-	-	-	-	**1 040**
Disposals of subsidiaries	(12)	-	-	-	-	-	**(12)**
Reclassifications	1 005	-	-	-	-	(1 005)	**-**
Write-offs	(25)	-	(28)	-	-	-	**(53)**
Impairment	(5)	(2 905)*	-	-	-	-	**(2 910)**
Cumulative currency differences	(54)	(45)	-	(465)	(37)	(39)	**(640)**
Amortisation charge (Note 5, 8)	(2 020)	-	(110)	(423)	(1 593)	-	**(4 146)**
Carrying amount as of 31 Dec 2022	**10 823**	**85 952**	**297**	**8 697**	**2 998**	**1 448**	**110 215**
Cost as of 1 Jan 2023	20 122	85 952	981	10 429	5 881	1 448	**124 813**
Accumulated amortisation and impairments losses	(9 299)	-	(684)	(1 732)	(2 883)	-	**(14 598)**
Carrying amount as of 1 Jan 2023	**10 823**	**85 952**	**297**	**8 697**	**2 998**	**1 448**	**110 215**
Acquisitions of subsidiaries	465	20 385	-	821	4 931	-	**26 602**
Additions (Other) (Note 5)	4 994	-	323	-	947	2 035	**8 299**
Additions (internally generated) (Note 5)	668	-	-	-	-	-	**668**
Disposals	(17)	-	-	-	-	-	**(17)**
Reclassifications	2 109	-	-	-	-	(2 104)	**5**
Write-offs	-	-	-	-	(237)	(2)	**(239)**
Impairment	-	(200)	-	-	-	-	**(200)**
Cumulative currency differences	(51)	(1 411)	-	20	48	4	**(1 390)**
Amortisation charge (Note 5, 8)	(2 982)	-	(135)	(457)	(3 385)	-	**(6 959)**
Carrying amount as of 31 Dec 2023	**16 009**	**104 726**	**485**	**9 081**	**5 302**	**1 381**	**136 984**
Cost as of 31 Dec 2023	28 286	104 726	1 305	11 270	11 501	1 381	**158 469**
Accumulated amortisation and impairments losses	(12 277)	-	(820)	(2 189)	(6 199)	-	**(21 485)**

*Due to ceased activities of Tiketa Tour OU in 2022 impairment of goodwill was recognised.

(All tabular amounts are in EUR '000)

17. Intangible assets (continued)

For the purpose of impairment testing, goodwill is allocated to each group's cash-generating unit (CGU). As of 31 December 2023, the cash-generating units identified had the following goodwill:

	31 December 2023	31 December 2022
Chapman Freeborn Holdings Limited*	23 583	23 107
Air Explore	19 222	-
Aviator Airport Group	14 030	14 135
Avion Express	14 501	15 023
Smart Aviation Holdings SIA	11 633	11 633
AviaAM Leasing Service Centre AB	12 698	13 959
Avia Solutions Group Arena UAB, Panevezio arena UAB, SEVEN Live UAB	2 844	2 844
Blafugl ehf (Bluebird Nordic)	1 609	1 850
RAS Completions Ltd.	1 309	1 283
Baltic Ground Services EE OÜ	1 163	-
JetMS Completions Ltd.	787	771
Storm Aviation Ltd.	703	703
Loop Holding UAB	315	315
Baltic Ground Services LV SIA	299	299
Baltic Ground Services HR	27	27
Avia Technics Dirgantara PT	3	3
Total goodwill	**104 726**	**85 952**

*The comparative figures for 2022 were amended to reflect the existing CGU goodwill allocation.

The goodwill balance disaggregated by geographical regions had the following split:

	31 December 2023	31 December 2022
Lithuania	30 358	32 131
United Kingdom	26 382	25 864
Slovakia	19 222	-
Sweden	14 030	14 135
Latvia	11 932	11 932
Iceland	1 609	1 850
Estonia	1 163	-
Other countries	30	30
Total goodwill	**104 726**	**85 952**

For the calculation of goodwill for CGU acquired in 2023 see Note 33. For annual goodwill impairment testing purposes, the recoverable amounts of other CGU's have been determined based on value-in-use calculation. This calculation uses pre-tax cash flow projections based on financial budgets approved by management for the five-year period. Management budgeted profit before tax is based on past performances, current industry trends, valued contracts with customers, and its expectations of market development.

The following table sets out the key assumptions for those CGUs that have significant goodwill allocated to them:

	Pre-tax discount rate (%)		Average sales annual growth rate %		Average EBITDA margin rate %		Terminal growth share %		Terminal growth rate %	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Chapman Freeborn Holdings	12,3%	13,9%	4%	4%	13%	14%	76%	70%	2,0%	2,6%
Aviator Airport Group	12,0%	11,9%	6%	13%	10%	9%	79%	83%	2,0%	2,6%
Avion Express	12,6%	12,6%	7%	12%	31%	27%	73%	82%	2,0%	2,6%
Smart Aviation Holdings	12,0%	17,3%	5%	3%	31%	35%	71%	74%	2,0%	2,0%
AviaAM Leasing	11,0%	12,0%	12%	26%	30%	36%	66%	115%	2,0%	2,6%

Assumption

Pre-tax discount rates	Reflect specific risks relating to the relevant segments and the countries in which they operate.
Average sales annual growth rate	Average annual growth rate over the five-year forecast period; based on management industry knowledge, strategic plans and including long-term inflation forecasts.
Average EBITDA margin rate	Average EBITDA margin rate over the five-year forecast period; based on management industry knowledge, strategic plan and historical data.
Terminal growth share	Reflect the percentage of terminal growth share in present value of recoverable amount.
Terminal growth rate	This is the weighted average growth rate used to extrapolate cash flows beyond the business plan period.

For the CGU's the key changes in assumptions relate to average annual sales growth and EBITDA margin. In current year they were revised based on actual performance of the entities during 2022 and expected outlook based on business plans and known industry environment by management where each CGU operates, taking into consideration publicly available information as of year-end.

Management projects cashflows based on financial budgets/forecasts for the five-year horizon. Due to the nature of testing the assumptions are subject to estimation uncertainty. Management applies the best estimates about the prospective financial information available as at year end. When assumptions may have significant impact on the test of recoverable value, sensitivity tests are applied.

The estimated recoverable amount of the CGU - Chapman Freeborn Holdings exceeded its carrying amount as at 31 December 2023. The year 2023 was profitable for this CGU, the revenue decreased by approximately 16% due to cargo market downturn (2022: increased by 33%). EBITDA margin was about 12% (2022: 17%). Budgeted EBITDA for the next five years was based on expectations of future outcomes taking into account past experience, adjusted for anticipated revenue growth. Revenue growth was projected to reflect rebound in cargo market outlook. Management considered and assessed reasonably possible changes for key assumptions and have not identified any instances that could cause the carrying amount of Chapman Freeborn Holdings CGU to exceed its recoverable amount.

(All tabular amounts are in EUR '000)

17. Intangible assets (continued)

The recoverable amount calculated for Aviator Airport Group CGU exceeded its carrying amount as at 31 December 2023. The CGU have increased revenues by 21% (2022: increased by 87%) and had EBITDA margin around 9% (2022: 8%). Aviator Airport Group is providing ground handling services and revenue growth was projected based on new contracts signed and estimated sales volumes. Management has performed a sensitivity test that 5 p.p. decrease in the projected EBITDA margin applied would not result in additional impairment as at 31 December 2023.

Smart Aviation Holdings CGU was expanding by increase of fleet and recovering passenger travel levels, total revenues grew by 33% comparing 2023 to 2022 (2022: grew by 156%), while EBTDA margin was around 23% (2022: 15%). Management of the Group reassessed future forecasts based on the assumption of higher fleet utilization. Based on the estimate the recoverable amount of CGU exceeded its carrying amount as at 31 December 2023. Management has performed a sensitivity test that 5 p.p. decrease in the projected EBITDA margin applied would not result in any CGU impairment as at 31 December 2023.

Avion Express CGU continued to expand their aircraft fleet and grew together with recovering passenger flights, total revenue in 2023 has increased by 63% compared to 2022 levels (2022: increased by 340%), while EBITDA margin was around 26% (2022: 23%). The Group reassessed forecasts for the next five years on the assumption that revenue and EBITDA to reflect market trends, strategic decisions. Based on the estimate the recoverable amount of CGU exceeded its carrying amount as at 31 December 2023. Management has performed a sensitivity test that 5 p.p. decrease in the projected EBITDA margin applied would not result in impairment as at 31 December 2023.

The recoverable amount calculated for AviaAM Leasing CGU exceeded its carrying amount by approximately 3 times at 31 December 2023 (2022: 4 times). Budgeted EBITDA for the next five years was based on expectations of future aircraft capacity deliveries. The Management have considered and assessed reasonably possible changes for key assumptions. Management has performed a sensitivity test that 15 p.p. decrease in the projected EBITDA margin applied would not result in additional impairment as at 31 December 2023.

18. Investments in joint venture

The Group has the following joint ventures

Name of entity	Country of incorporation	% of ownership interest 31 Dec 2023	% of ownership interest 31 Dec 2022	Activities
BSTS & Storm Aviation Limited	Bangladesh	49	49	Aircraft maintenance services
BAA Training China Co., Ltd.	China	50	50	Aircraft crew training services
AviaAM Financial Leasing China Co.	China	51	51	Lease and management of aircrafts
FL ARI Aircraft Maintenance & Engineering Company CO. LTD	China	-	40	Aircraft maintenance services

Investments in joint ventures reconciliation to carrying amounts as of 31 December 2023 and 31 December 2022 presented below:

	AviaAM Financial Leasing China Co. Ltd.*	BSTS & Storm Aviation Limited	FL ARI Aircraft Maintenance & Engineering Company CO. LTD	BAA Training China Co., Ltd	Certifying Staff. Com B.V.
Opening net assets 1 January	**-**	**157**	**-**	**544**	**-**
Loss for the period	-	(1)	-	-	-
Other comprehensive expense	-	(15)	-	-	-
Closing net assets	**-**	**141**	**-**	**544**	**-**
Group's share in %	51%	49%	-%	50%	50%
Group's share of net assets	-	69	-	272	-
Currency translation differences	-	4	-	3	-
Carrying amount 31 December	**-**	**73**	**-**	**275**	**-**
Loan amount used as part of investment 31 December	-	-	-	-	-
Losses in excess in investment carrying amount 31 December	**-**	**-**	**-**	**-**	**-**
Total Group's share of (loss)/profit for the period	-	(1)	2 702*	-	5
Currency translation difference	-	-	-	-	-
Total of Group's share of comprehensive (expense)/income	**-**	**(1)**	**2 702**	**-**	**5**

	AviaAM Financial Leasing China Co. Ltd.**	BSTS & Storm Aviation Limited	FL ARI Aircraft Maintenance & Engineering Company CO. LTD	BAA Training China Co., Ltd	Certifying Staff. Com B.V.
Opening net assets 1 January	**94 848**	**164**	**(7 048)**	**544**	**50**
Loss/(profit) for the period	(107 955)	14	(9 342)	-	(60)
Other comprehensive income/expense	13 147	(21)	1 809	-	-
Increase/decrease in investment	-	-	-	-	-
Closing net assets (liabilities)	**-**	**157**	**(14 581)**	**544**	**(10)**
Group's share in %	51%	49%	40%	50%	50%
Group's share of net assets	-	77	(5 832)	272	(5)
Currency translation differences	-	-	-	-	-
Carrying amount 31 December	**-**	**77**	**-**	**272**	**-**
Loan amount used as part of investment 31 December	-	-	**(2 738)***	-	-
Losses in excess in investment carrying amount 31 December	**-**	**-**	**(3 094)**	**-**	**(5)**
Total Group's share of profit (loss) for the period	(55 077)	7	-	-	(21)
Currency translation difference	6 705	(10)	-	-	-
Total of Group's share of comprehensive (expense)/income	**(48 372)**	**(3)**	**-**	**-**	**(21)**

*The Group provided a loan to FL ARI Aircraft Maintenance & Engineering Company CO. LTD (in amount of USD 2 920 thousand as of 31 December 2022 and 2021) which was considered as part of net investment. Therefore, equity interest was reduced to zero and the loan was reduced by negative carrying amount appropriately as of 31 December 2022. As of 1 September 2023, the Group sold its part of investment for 1 EUR. The result is related to partial recovery of the loan granted.
**The disclosed loss recognized by AviaAM Financial Leasing China Co. Ltd. was included to the extent that the investment into this joint venture is reduced to zero value.

(All tabular amounts are in EUR '000)

18. Investments in joint venture (continued)

On 2 October 2019 Avia Solutions Group (CY) PLC completed the acquisition of the share capital in AviaAM Leasing AB. AviaAM Leasing AB holds a 51% stake in a joint venture AviaAM Financial Leasing China Co. Ltd., established on 4 August 2016. The cost of investment in joint venture amounted to USD 39,015 thousand (EUR 36,579 thousand) as at 31 December 2022 and (as at 31 December 2021 – EUR 34,447 thousand). Joint venture is engaged in the business of operating leasing and management of brand new narrow and wide body aircraft.

Management has concluded that the Group does not control AviaAM Financial Leasing China Co., Ltd., even though it holds more than half of the voting rights of this entity. This is because the shareholder's agreement in relation to AviaAM Financial Leasing China Co., Ltd. requires unanimous consent from both parties for all relevant activities. The two partners have rights to the net assets of the joint venture. This entity is therefore classified as a joint venture in consolidated financial statements and the Group does not consolidate it, but accounts using equity method.

AviaAM Financial Leasing China Co. Ltd., established in People's Republic of China (hereinafter – "JV") was directly impacted by the Russian-Ukraine war. The entity, through its indirect subsidiaries in Ireland (hereinafter – Lessors), leased 13 aircraft to the Russian-based lessee prior to the war. With respect to the aircrafts held by the JV:
- In compliance with all applicable sanctions, Lessors have terminated leasing with Russian-based lessee in March 2022. Notwithstanding the leasing termination, Russian-based lessee continues to fly the aircraft. These terminations have resulted in reduced revenues and operating cash flows.
- Aircraft leased to Russian-based lessee are largely financed by the Chinese banks (the aircraft are also mortgaged to these banks). Therefore, Chinese banks are exposed to the higher risk in case of the worst-case scenario of not repossessing the aircraft.
- Lessors had letters of credit related to Aircraft leased to Russian-based lessee. Demands for payment have been presented to the confirming banks. As of 31 December 2022, JV received approximately EUR 60 million under letters of credit.
- During 2022, JV consulted with legal experts regarding possible legal actions.
- In September 2022 Lessors submitted Letters of Claim to (re)insurers under (re)insurance policies for USD 688,600,000 respect to all aircraft remaining in Russia. As of 31 December 2022, no response from (re)insurers was received.

Lessors requested Russian-based lessee to return all the aircraft immediately, but as of 31 December 2022 and 2023 none of the aircraft have been returned and the exact status of these aircraft remains difficult to ascertain. Aircraft that remain in Russia may suffer damage or deterioration due to inadequate maintenance and lack of spare parts. While Lessors continue to hold title to the aircraft that remain in Russia, it was concluded that it is not likely that Lessors will regain possession of these assets. Any claim receivables in respect of the insurance claims mentioned above have not been recognized as of 31 December 2022.

Given the circumstances mentioned above, the JV net assets were significantly decreased, since the seized aircrafts contributed to the majority of total consolidated JV assets, which were highly leveraged. Consequently, for the year ended as of 31 December 2022, the Group recognized EUR 55 million share of loss from equity-accounted investees, effectively reducing the carrying amount of investment to zero.

No significant developments did occur during the year 2023.

19. Provisions

	2023	2022*
C-check & other aircraft maintenance provisions	40 793	19 213
Legal claim provisions	6 217	1 693
Other provisions	4 917	7 170
	51 927	**28 076**
Less: non-current portion	(15 813)	(8 767)
Current portion	**36 114**	**19 309**

	2023	2022*
C-check & other aircraft maintenance provisions	13 878	8 725
Other provisions	1 935	42
Non-current portion	**15 813**	**8 767**

Other provisions caption includes individually not material various provisions for CO2 emissions, warranties and onerous contracts.

For more details on C-check provisions, please refer to significant accounting policy judgments in Note 4.

	C-check & other aircraft maintenance	**Legal claim**	**Other**	**Total**
Total provisions as of 31 December 2021*	**7 659**	**-**	**994**	**8 653**
Additional provisions recognized	18 374	1541	6554	26 469
Amounts used during the year	(8 467)	-	(812)	(9 279)
Currency translation differences	1 647	152	434	2 233
Total provisions as of 31 December 2022*	**19 213**	**1 693**	**7 170**	**28 076**
Acquired through business combination	3 100	-	2 516	5 616
Additional provisions recognized	33 554	4 680	2 873	41 107
Amounts used during the year	(14 725)	-	(7 343)	(22 068)
Currency translation differences	(349)	(156)	(299)	(804)
Total provisions as of 31 December 2023	**40 793**	**6 217**	**4 917**	**51 927**

*Comparative figures of current and non-current provisions have been disaggregated on the balance sheet. Previously the provisions line items were included and disclosed under 'Trade and other payables' caption, however due to increased figures management decided to change the presentation for better alignment with IAS 1 requirements.

Contingent liabilities, provisions

In July 2022 the Group received a claim in the amount of EUR 5 131 thousand. The substantive claim in the action is related with the damage allegedly made by the defendant acting as a shareholder of a previously owned subsidiary. However, after court decision, the Group has recognised the full provision of EUR 5 131 thousand, which reflects the management best estimate of the possible negative outcome of this dispute. During the year 2023, the Group has recognized EUR 3 531 thousand provision with regards to this claim (2022: EUR 1 600 thousand).

(All tabular amounts are in EUR '000)

19. Provisions (continued)

In December 2022 the Group has received a claim for EUR 15 800 thousand. The Claim against the Group is based on (alleged) failure to provide Aviator Airport Services Denmark A/S ("AAS") with the required liquidity when AAS's financial situation and operations were significantly affected by the COVID-19 pandemic and the corporate shutdown, which led to a large-scale suspension of airport operations. Timing of any potential monetary outflow is uncertain. The management of Group views the claim as a contingent liability and no provision has been accounted for.

The Group has signed the agreement with Client. Ln order to induce Client to enter into the Charter Flights Agreement, the Group is willing to assume certain financial obligations in relation to the Dispute which Client is undergoing with another Carrier regarding discontinuation of the charter flights agreement, in favour of Client as hereinafter stipulated. The Group agrees to indemnify Client against any losses resulting from the dispute and the court case in particular which is confirmed by the final court judgement, to the maximum amount of EUR 1 000 thousand and legal costs maximum amount of EUR 150 thousand. During the year 2023, the Group has recognized EUR 1 015 thousand provision with regards to this agreement (2022: nil).

The Group has provided ACMI services to Client during April to July of 2022. The Client believes that several delays were breach of certain clauses of ACMI agreement, whereas the Group disagrees and relies on clauses excluding Group liability for EU261 delays. The total claim amount EUR 5 921 thousand. The management of Group views the claim as a contingent liability and no provision has been accounted for.

20. Inventories

	2023	2022
Spare parts and materials – gross amount	84 624	56 827
Less: provision for impairment of inventories	(11 829)	(12 179)
Spare parts and materials	**72 795**	**44 648**
Aircraft and aircraft components – gross amount	46 416	35 948
Less: provision for impairment of aircraft	(4 702)	(2 276)
Aircraft and aircraft components	**41 714**	**33 672**
Aircraft fuel	**1 355**	**1 790**
Work in progress	**3 151**	**560**
Goods in transit	**1 095**	**429**
Other inventories – gross amount	6 276	8 756
Less: provision for impairment of other inventories	(130)	-
Other inventories	**6 145**	**8 756**
	126 255	**89 855**

The allowance for impairment of inventories in the total amount of EUR 3.0 million was additionally recognised in 2023 to represent their net realisable value (2022: EUR 4.7 million).

As at 31 December 2023 spare parts and materials of the Group with the carrying amounts of EUR 0 thousand (as at 31 December 2022: EUR 0 thousand), goods for sale, goods in transit, and other inventories of the Group with carrying amounts of EUR 0 thousand (as at 31 December 2022: EUR 0 thousand) were pledged to the bank as collateral for borrowings (Note 27).

21. Trade and other receivables

	2023	2022
Trade receivables	192 722	200 965
Less: provision for impairment of trade receivables	(43 786)	(45 536)
Trade receivables – net	**148 936**	**155 429**
Prepayments	56 227	40 862
Less: provision for impairment of prepayments	(554)	(532)
Prepayments - net	**55 673**	**40 330**
Other receivables	40 834	12 258
Discounting of other receivables	(38)	(54)
Less: provision for impairment of other receivables	(1 312)	(7 437)
Other receivables – net	**39 484**	**4 767**
Trade receivables from related parties	700	1 315
Less: provision for impairment of trade receivables from related parties	(5)	(398)
Trade receivables from related parties - net (Note 34)	**695**	**917**
Loans granted to related parties	26 733	26 877
Less: provision for impairment of loans granted to related parties	(232)	(240)
Loans granted to related parties - net	**26 501**	**26 637**
Loans granted	19 271	35 359
Discounting of loans granted	(91)	(95)
Less: provision for impairment of loans granted	(7 410)	(27 152)
Loans granted - net	**11 770**	**8 112**
Other receivables from related parties	9 542	7 240
Discounting of other receivables from other related parties	(204)	(20)
Less: provision for impairment of other receivables from related parties	(262)	(210)
Other receivables from related parties – net (Note 34)	**9 076**	**7 010**
VAT receivables	20 801	12 389
Receivables from investment in bonds - gross	1 900	10 120
Less: provision for impairment of receivables from investment in bonds	(1 900)	(10 120)
Receivables from investment in bonds - net	**-**	**-**
Deferred charges	47 193	35 254
Security deposit – net	79 438	49 246
Deferred charges to related parties (Note 34)	-	15
Security deposits from related parties placed – net (Note 34)	11	9
Prepayments from related parties (Note 34)	399	45
Total trade and other receivables:	**439 977**	**340 160**
Less non-current portion:	(112 618)	(81 120)
Current portion:	**327 359**	**259 040**

(All tabular amounts are in EUR '000)

21. Trade and other receivables (continued)

	2023	2022
Loans granted to related parties	25 653	25 793
Less: provision for impairment of loans granted to related parties	(101)	(108)
Loans granted to related parties - net	**25 552**	**25 685**
Loans granted	10 511	11 643
Less: provision for impairment of loans granted	(3 003)	(7 730)
Loans granted - net	**7 508**	**3 913**
Deferred charges	**7 684**	**7 522**
Security deposit – net	59 239	38 151
Security deposit to related parties – net	11	-
Other receivables	6 843	1 254
Less: provision for impairment of other receivables	(842)	(4)
Other receivables – net	**6 001**	**1 250**
Other receivables from related parties	6 651	4 619
Less: provision for impairment of other receivables from related parties	(28)	(20)
Other receivables from related parties – net	**6 623**	**4 599**
Total non-current trade and other	**112 618**	**81 120**

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

	2023	2022
Financial trade and other receivables (IFRS 9)		
Trade receivables	148 936	155 429
Trade receivables from related parties (Note 34)	695	917
Other receivables	39 484	4 083
Loans granted to related parties (Note 34)	26 501	26 637
Other receivables from related parties (Note 34)	9 076	7 010
Security deposits	79 438	49 246
Loans granted	11 770	8 112
	315 900	**251 434**
Non-financial trade and other receivables		
Prepayments	55 673	40 330
Other non-financial receivables	-	684
VAT receivables	20 801	12 389
Deferred charges	47 193	35 254
Deferred charges to other related parties (Note 34)	-	15
Security deposit with lessor from related parties (Note 34)	11	9
Prepayments to other related parties (Note 34)	399	45
	124 077	**88 726**
Total	**439 977**	**340 160**

All non-current receivables as at 31 December 2023 are due until 2030. All non-current receivables as at 31 December 2022 were due until 2030. The fair values of trade and other receivables are approximate to their carrying values. The weighted average interest rate of loans granted to third parties was 6.36% (2022: 5.83%). The weighted average interest rate of loans granted to related parties was 4.77% (2022: 4.97%).

As at 31 December 2023 trade receivables of the Group with the carrying amounts of EUR 0 thousand (as at 31 December 2022: EUR 0 thousand) and other receivables of the Group with the carrying amounts of EUR 163 thousand (as at 31 December 2022: EUR 163 thousand) were pledged to the bank as collateral for bank borrowings and overdraft (Note 27).

The carrying amounts of the Group's financial trade and other receivables are denominated in the following currencies:

	2023	2022
EUR	122 747	105 186
US dollars	152 730	80 726
GBP	8 448	28 011
SEK	7 146	4 831
Other	24 829	32 680
	315 900	**251 434**

22. Contract assets

	2023	2022
Contract costs incurred and recognised profits (less losses) to date	35 825	25 220
Advances received on contracts in progress	350	(352)
Less: provision for impairment of amounts due from customers on contracts in progress	(189)	(167)
Amounts due from customers on contracts in progress (IFRS 9)	**35 986**	**24 701**

23. Cash and cash equivalents

	2023	2022
Cash in bank	200 412	323 889
Cash on hand	141	829
Cash and cash equivalents	**200 553**	**324 718**
Cash at banks classified as assets held for sale	-	187
Bank overdraft (Note 27)	-	(298)
Total	**200 553**	**324 607**

The carrying amounts of the Group's cash and cash equivalents are denominated in the following currencies (Note 3.1):

	2023	2022
EUR	64 197	117 420
US dollars	111 760	172 535
SEK	7 829	11 544
GBP	1 835	2 994
Other	14 932	20 225
	200 553	**324 718**

(All tabular amounts are in EUR '000)

24. Share capital and Share premium

As at 31 December 2022, the holding company Avia Solutions Group PLC share capital of the company amounted to EUR 22 555 555 and consisted of 77 777 777 ordinary registered shares with a nominal value of 0.29 Euro each. All shares were fully paid up and authorised share capital is the same as issued and paid-up share capital. On 31 December 2022, the share premium of the Company amounted to EUR 282 158 thousand.

As at 10 October 2022, the Group has established Avia Solutions Group (ASG) as a public limited company. With effect from 1 March 2023, the Irish based Avia Solutions Group (ASG) PLC acquired, by way of a cross border merger, all of the business and associated assets and liabilities of Avia Solutions Group PLC, in exchange for the issuance by the Company of new ordinary shares to the shareholders of Avia Solutions Group PLC. Effectively, for the purposes of the consolidated financial statements, this transaction is treated as business reorganisation.

On 1 March 2023, the Company allotted and issued 77 777 777 Ordinary Shares of €0.29 each and 19 444 444 Convertible Preferred Shares of €0.29 each to the shareholder(s) of the Avia Solutions Group PLC resulting in the creation of share premium of €1.47 billion. As the New Convertible Preferred Shares are classified as debt for accounting purposes the share premium account disclosed on the balance sheet only relates to the Ordinary shares issued by the Company at a premium.

On 17 July 2023, the shareholders of the Company approved a special resolution authorising the reduction and cancellation of EUR 1 461 805 thousand standing to the credit of the share premium account of the Company resulting from the allotment and issue of ordinary shares and convertible preferred shares under the terms of the Merger and thereby increasing the Company's profits available for distribution within the meaning of section 117 of the Companies Act 2014. In furtherance of that resolution, the board of directors of the Company resolved on 22 June 2023 to approve the reduction of the share premium account by EUR 1 461 805 thousand. On 2 October 2023, the High Court of Ireland confirmed the reduction and cancellation of share premium of EUR 1 461 805 thousand. This resulted in an increase of the Company's distributable profits and a transfer of an amount of EUR 1 167 444 thousand in reserves from the share premium account to the profit and loss reserve account arising from the capital reduction of the share premium arising on ordinary shares classified within equity of the same amount with effect from October 11, 2023 (being the date on which the order of the High Court approving the capital reduction was registered by the Registrar of Companies).

As at 31 December 2023, the holding company Avia Solutions Group (ASG) PLC share capital of the company amounted to EUR 22 555 555 and consisted of 77 777 777 ordinary registered shares with a nominal value of 0.29 Euro each. All shares were fully paid up and authorised share capital is the same as issued and paid up share capital. On 31 December 2023, the share premium of the Company amounted to EUR 10 000 thousand.

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

None of the ordinary shareholders of the Company have any special controlling rights. Rights of all ordinary shareholders are equal. One ordinary registered share of Avia Solutions Group (ASG) PLC gives one vote in the General Meeting of Shareholders.

The Company is not aware of any agreements between the shareholders that could limit transfer of securities and/or their ability to exercise their voting rights.

On 24 May 2022, the Group declared a dividend amounting to EUR 30 000 thousand to its shareholders. On 24 October 2023, the Group declared a dividend amounting to EUR 25 000 thousand to its shareholder.

25. Reserves

The merger reserve consists of the difference between the purchase consideration for the acquisition of remaining stake of the share capital of the Group companies and nominal value of the share capital acquired (Note 2.22).

Fair value reserves comprise changes in fair value of cash flow hedge (Note 2.20) (Note 36).
Other reserves are formed for option agreements which give the right for the Group employees to put back acquired shares of the Company during the period from 2019 to 2023 (Note 35).

26. Non-controlling interests

Name	Country of incorporation	Operating segment	Ownership interest held by NCI (in %) 2023	2022
Baltic Ground Services LV SIA	Latvia	Supporting Services	49	49
AviaAM Leasing AB	Lithuania	Logistics and Distribution Services	1,16	1,16
Chapman Freeborn Airchartering BV	Belgium	Logistics and Distribution Services	20	20
Intradco Cargo Services Limited	The United Kingdom	Logistics and Distribution Services	25	25
Zeusbond Limited	The United Kingdom	Logistics and Distribution Services	25	25
Chapman Freeborn Airchartering Ltd	Canada	Logistics and Distribution Services	25	25
BPC Travel UAB	Lithuania	Logistics and Distribution Services	1	1
AI 12 DMCC	United Arab Emirates	Unallocated	49	-

Set out below is the summarized financial information for non-controlling interests as of 31 December 2023:

	Baltic Ground Services LV SIA	AviaAM Leasing AB	Other	Total
Non-current assets	19	150 379	1 049	**151 447**
Current assets	8 368	116 623	12 654	**137 645**
Non-current liabilities	(1 479)	(751)	(553)	**(2 783)**
Current liabilities	(1 395)	(43 945)	(8 272)	**(53 612)**
Net assets	**5 513**	**222 306**	**4 878**	**232 697**
Net assets attributable to NCI	**2 702**	**2 294**	**1 004**	**6 000**
Revenue	26 112	72 661	8 239	**107 012**
Profit (loss)	4 422	42 367	4 908	**51 697**
Profit allocated to NCI	**2 167**	**467**	**581**	**3 215**
Dividends paid to NCI	**735**	**-**	**805**	**1 540**

AviaAM Leasing Service Centre AB during 2023 has used EUR (3 260) thousand in operating activities, used EUR 17 984 thousand in investing activities, generated EUR 4 020 thousand from financing activities.

(All tabular amounts are in EUR '000)

26. Non-controlling interests (continued)

Set out below is the summarized financial information for non-controlling interests as of 31 December 2022:

	Baltic Ground Services LV SIA	AviaAM Leasing AB	Other	Total
Non-current assets	105	94 974	944	**96 023**
Current assets	3 561	123 195	9 093	**135 849**
Non-current liabilities	-	(10 133)	(68)	**(10 201)**
Current liabilities	(1 074)	(32 888)	(6 219)	**(40 181)**
Net assets	**2 592**	**175 148**	**3 750**	**181 490**
Net assets attributable to NCI	**1 270**	**2 032**	**786**	**4 088**
Revenue	33 739	138 273	8 100	**180 112**
Profit (loss)	688	922	4 564	**6 174**
Profit allocated to NCI	**337**	**(265)**	**2 035**	**2 107**
Dividends paid to NCI	**-**	**-**	**583**	**583**

AviaAM Leasing Service Centre AB during 2022 has used EUR (45 656) thousand in operating activities, used EUR (3 127) thousand in investing activities, generated EUR 8 674 thousand from financing activities.

27. Borrowings

	2023	2022
Non-current		
Bank borrowings	21 037	30 549
Lease liabilities	786 959	363 171
Bonds issued	-	186 547
Other borrowings	8 948	16 994
	816 944	**597 261**
Current		
Bank overdraft (Note 23)	-	298
Bank borrowings	11 865	3 366
Lease liabilities	219 148	106 285
Bonds issued	162 767	-
Other current borrowings*	10 117	10 643
	403 897	**120 592**
Total borrowings	**1 220 841**	**717 853**

*Total amount of Other current borrowings includes utilized factoring amounted to EUR 8 473 thousand as of 31 December 2023 (2022: EUR 7 743 thousand). In the recourse factoring arrangement, the carrying value of trade receivables, as factored, equals the outstanding factoring liability in its entirety.

As at 31 December 2023 buildings and machinery (Note 16), inventories (Note 20) and trade receivables (Note 21) of the Group with the carrying amounts of EUR 44.5 million were pledged to the bank as collateral for bank borrowings. As at 31 December 2022 buildings and machinery (Note 16), inventories (Note 20) and trade receivables (Note 21) of the Group with the carrying amounts of EUR 25.1 million were pledged to the bank as collateral for bank borrowings.

On 3 December 2019 Avia Solutions Group PLC completed bonds issue process and issued USD 300 000 thousand of senior unsecured notes which included 7,875% USD interest through the one of subsidiaries. The notes were issued in the Euronext Dublin. As of 31 December 2023, the Group has repurchased the issued notes (number of 22 000) in nominal value of USD 119 667 thousand (as at 31 December 2022: USD 97 667 thousand or number of 72 287). The bonds issues are classified as current due to maturity term in 2024.

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.

The carrying amounts of the Group's borrowings are denominated in the following currencies:

	2023	2022
EUR	106 461	76 553
USD	1 077 424	611 847
GBP	5 001	5 220
SEK	6 465	4 990
Other	25 490	19 243
	1 220 841	**717 853**

The table below analyses the Group's borrowings into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date:

Discounted	2023	2022
Less than 1 year	403 898	120 603
Between 1 and 5 years	680 838	535 893
Over 5 years	136 105	61 357
	1 220 841	**717 853**

The weighted average interest rates (%) at the balance sheet date were as follows:

	2023	2022
Lease liabilities	8.16%	8.03%
Bank borrowings	7.57%	4.51%
Other borrowings	10.10%	7.67%
Bonds issued	8.50%	8.50%

(All tabular amounts are in EUR '000)

27. Borrowings (continued)

Lease liabilities – minimum lease payments:

	2023	2022
Not later than 1 year	297 060	141 586
After 1 year but not later than 5 years	857 293	396 314
After 5 years	162 812	65 798
Less: future lease charges	(311 058)	(134 242)
Present value of lease liabilities	**1 006 107**	**469 456**
Present value of lease liabilities:		
Not later than 1 year	219 148	106 285
After 1 year but not later than 5 years	656 129	307 969
After 5 years	130 830	55 202
	1 006 107	**469 456**

Reconciliation of movements of liabilities to cash flow arising from financing activities and net debt:

	Bank overdraft	Bank borrowings	Bonds	Other borrowings	Lease liabilities	Convertible preferred shares (Note 37)	Total
Balance as at 1 January 2022	**799**	**35 787**	**238 204**	**24 124**	**180 755**	**300 920**	**780 589**
Changes from financing cash flows	-	7 203	(64 702)	(268)	(63 864)	-	**(121 631)**
Classified as held for sale	-	(8 199)	-	-	-	-	**(8 199)**
Foreign exchange adjustments	-	675	15 649	(1 477)	1 837	-	**16 684**
Change in bank overdraft and cash	(501)	-	-	-	-	-	**(501)**
Change in fair value	-	-	-	-	-	24 806	**24 806**
New leases	-	-	-	-	372 699	-	**372 699**
Disposals of subsidiaries	-	-	-	(2 819)	(174)	-	**(2 993)**
Other non-cash changes*	-	(1 551)	(2 604)	8 077	(21 797)	-	**(17 875)**
Balance as at 31 December 2022	**298**	**33 915**	**186 547**	**27 637**	**469 456**	**325 726**	**1 043 579**
Changes from financing cash flows	-	(2 765)	(20 346)	(8 203)	(151 442)	-	**(182 756)**
Changes arising from obtaining or losing control of subsidiaries	-	1 995	-	311	56 344	-	**58 650**
Foreign exchange adjustments	-	(452)	(6 100)	(305)	(24 879)	-	**(31 736)**
Change in bank overdraft and cash	(298)	-	-	-	-	-	**(298)**
Change in fair value	-	-	-	-	-	26 850	**26 850**
New leases	-	-	-	-	633 409	-	**633 409**
Accrued interest	-	-	1 139	7	-	-	**1 146**
Other non-cash changes*	-	209	1 527	(382)	23 219	-	**24 573**
Balance as at 31 December 2023	**-**	**32 902**	**162 767**	**19 065**	**1 006 107**	**352 576**	**1 573 417**

*Other non-cash changes from lease liabilities amount include EUR (17.2) million for lease termination most in Aviation Logistics and Distribution Services and lease modifications amounted to EUR 40.6 million in 2023 and respective (9.6) million and (10.3) million impacts in 2022.

(All tabular amounts are in EUR '000)

28. Trade and other payables

	2023	2022*
Financial instruments		
Trade payables	131 006	92 708
Trade payables to related parties (Note 34)	775	359
Accrued expenses	83 129	69 057
Accrued expenses from related parties	178	160
Dividends payable	800	260
Payable for PPE	3 990	1 534
Other payables to related parties (Note 34)	2	2
Other payables	4 601	10 693
Subtotal of financial instruments	**224 481**	**174 773**
Non-financial instruments		
Salaries and social security payable	69 436	55 964
VAT payable	11 778	12 833
Employee benefit obligations	1 912	895
Pension reserve accrual	404	278
Other payables	6 094	6 388
Subtotal of non-financial instruments	**89 624**	**76 358**
Total	**314 105**	**251 131**
Less: non-current portion	(7 705)	(12 387)
Current portion	**306 400**	**238 744**

	2023	2022
Other payables	6 358	11 469
Employee benefit obligations	1 005	677
Pension reserve accrual	342	241
Non-current portion	**7 705**	**12 387**

The comparative figures have been amended to separate Provisions, disclosed in Note 19.

The carrying amounts of the Group's financial trade and other payables are denominated in the following currencies:

	2023	2022
EUR	101 629	69 708
US dollars	99 476	78 453
GBP	7 515	8 654
SEK	4 692	4 428
Other currencies	11 169	13 530
	224 481	**174 773**

29. Security deposits received

	2023	2022
Returnable Security deposits repayable after one year at nominal value	847	1 074
Less: discounting effect (at 2.83%)	(2)	(6)
Returnable Security deposits repayable after one year	**845**	**1 068**
Returnable Security deposits repayable within one year at nominal value	17 632	11 294
Less: discounting effect (at 4.52%)	-	(12)
Returnable Security deposits repayable within one year	**17 632**	**11 282**

30. Deferred income tax

The movement in deferred income tax net assets and deferred income tax net liabilities accounts is as follows:

Deferred tax assets	2023	2022
At beginning of the period	**17 646**	**16 728**
Acquisitions (disposals) of subsidiaries (Note 33)	3 097	(1 073)
Charged to the statement of profit or loss	18 514	2 016
Recognized through OCI	-	7
Currency translation differences	(771)	(32)
At end of year	**38 486**	**17 646**

Deferred tax liabilities	2023	2022
At beginning of the period	**11 151**	**11 626**
Acquisitions of subsidiaries (Note 33)	611	1 334
Charged to the statement of profit or loss	5 570	(2 246)
Recognised through OCI	173	268
Reclassified to liabilities held for sale	-	(559)
Currency translation differences	358	728
At end of year	**17 863**	**11 151**

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	2023	2022
Deferred tax assets		
Deferred income tax to be recovered within 1 year	27 162	10 656
Deferred income tax to be recovered after 1 year	11 324	6 990
	38 486	**17 646**
Deferred tax liabilities		
Deferred income tax to be recovered within 1 year	11 097	10 601
Deferred income tax to be recovered after 1 year	6 766	550
	17 863	**11 151**

Deferred income tax asset for the year is recognised to the extent that the realization of the related tax benefit through the future taxable profit is probable.

(All tabular amounts are in EUR '000)

30. Deferred income tax (continued)

The movement in gross deferred tax assets and liabilities of the Group is as follows:

Deferred tax components	31 December 2023	Charged to PL	Charged to OCI	Acquisitions	Disposals	31 December 2022 (restated*)	Charged to PL	Charged to OCI	Acquisitions	Disposals	Reclassed to held for sale	31 December 2021 (restated*)
Tax loss carry-forward	**31 423**	10 890	-	3 114	(15)	**17 434**	3 441	-	-	(932)	-	**14 925**
Right of use assets (IFRS 16)	**(113 628)**	(42 527)	-	(11 259)	-	**(59 842)**	(50 882)	-	-	-	-	**(8 960)**
Lease liabilities (IFRS 16)	**119 448**	47 833	-	11 259	-	**60 356**	50 897	-	-	-	-	**9 459**
Provisions	**3 662**	911	-	-	-	**2 751**	1 244	-	-	(2)	-	**1 509**
Impairment losses of financial assets	**1 440**	(71)	-	-	(2)	**1 513**	(1 079)	-	-	(97)	-	**2 689**
Impairment losses of inventories	**1 217**	(65)	-	-	-	**1 282**	17	-	-	(23)	-	**1 288**
Discounting effect	**821**	555	-	-	-	**266**	456	-	-	-	-	**(190)**
Cashflow hedge	**(1 165)**	-	(173)	-	-	**(992)**	-	(268)	-	-	-	**(724)**
Distributable reserves of subsidiaries	**(5 595)**	(5 595)	-	-	-	**-**	-	-	-	-	-	**-**
Fair value adjustments from business combinations	**(7 717)**	1 028	-	(720)	-	**(8 025)**	1 690	-	-	-	-	**(9 715)**
Difference in PPE depreciation basis	**(11 183)**	(1 150)	-	-	109	**(10 142)**	(2 876)	-	(1 334)	50	559	**(6 541)**
Other	**1 900**	6	-	-	-	**1 894**	594	7	-	(69)	-	**1 362**
Foreign exchange translation differences	**-**	1 129	(1 129)	-	-	**-**	760	(760)	-	-	-	**-**
Total net deferred tax assets	**20 623**	**12 944**	**(1 302)**	**2 394**	**92**	**6 495**	**4 262**	**(1 021)**	**(1 334)**	**(1 073)**	**559**	**5 102**

*Management has revised the comparative figures presentation for the deferred tax balances disclosure to better reflect the gross deferred tax components. Total net deferred tax assets and deferred tax liabilities presented on balance sheet were not affected by this change.

(All tabular amounts are in EUR '000)

30. Deferred income tax (continued)

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when deferred income taxes relate to the same fiscal authority.

The following amounts, determined after appropriate offsetting, are shown in the balance sheet:

	2023	2022
Deferred tax assets, net		
Deferred income tax assets	38 486	17 646
Deferred income tax liabilities	(17 863)	(11 151)
	20 623	**6 495**

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when deferred income taxes relate to the same fiscal authority. Deferred income tax asset and liability related to the entities operating in Lithuania are calculated at 15% rate (2022: 15% rate), in Malta - at 35% rate (2022: 35% rate), in United Kingdom - at 25% rate (2022: 19% rate), in Latvia - at 20% rate (2022: 20% rate) only on dividend distribution, in Germany - at 30% rate (2022: 30% rate), in Iceland - at 21% rate (2022: 21% rate), in Estonia - at 20% rate (2022: 20% rate) only on dividend distribution, in United Arab Emirates - at 9%-0% rates (2022: 9%-0% rates), in Sweden - at 20.6% rate (2022: 20.6% rate), in Slovakia - at 21% rate (2022: 21% rate), in Denmark - at 22% rate (2022: 22% rate), in Indonesia - at 22% rate (2022: 22% rate), in Norway - at 22% rate (2022: 22% rate), in Finland - at 20% rate (2022: 20% rate).

Deferred income tax asset is recognized from accumulated taxable losses, generated by Group entities, to the extent that it will be realized by the Group entities generating taxable profits up to 3 to 5 years or by the way of accumulated taxable loss transfer or sale. Deferred income tax asset which was not recognized from accumulated taxable losses amounted to EUR 5 696 thousand as at 31 December 2023 (EUR 2 892 thousand as at 31 December 2022), the taxable losses could be used indefinitely.

31. Financial instruments by category

	2023	2022
Category – financial assets measured at amortised costs		
Trade receivables (Note 21)	148 936	155 429
Cash and cash equivalents (Note 23)	200 553	324 718
Trade receivables from related parties (Notes 21, 34)	695	917
Other receivables (Note 21)	39 484	4 083
Loans granted to related parties (Notes 21, 34)	26 501	26 637
Other receivables from related parties (Notes 21, 34)	9 076	7 010
Loans granted (Note 21)	11 770	8 112
Bank deposits	3 809	2 363
	440 824	**529 953**
Category – financial assets measured at FVOCI		
Derivative financial instruments (assets)	**2 774**	**5 513**
Category – financial assets measured at FVTPL		
Securities held for trading (level 1)	1 650	2 249
	1 650	**2 249**

	2023	2022
Category – financial liabilities measured at amortised cost		
Trade payables (Note 28)	131 006	92 708
Accrued expenses	83 129	69 057
Accrued expenses from related parties	178	160
Bank overdraft (Notes 23, 27)	-	298
Lease liabilities (Note 27)	1 006 107	469 456
Bonds issued	162 767	186 547
Bank loans (Note 27)	32 902	33 915
Other payables	4 601	10 693
Amounts payable to related parties (Note 34)	775	359
Other payables to related parties (Notes 28, 34)	2	2
Payable for PPE (Note 28)	3 990	1 534
Other borrowings (Note 27)	19 065	27 637
Dividends payable (Note 28)	800	260
	1 445 322	**892 626**
Category – financial liabilities measured at FVOCI		
Derivative financial instruments (liability)	**1 464**	**195**
Category – financial liabilities measured at FVTPL		
Derivative financial instruments (liability)	141	-
Convertible preferred shares (Note 37)	352 576	325 726
	352 717	**325 726**

32. Leases

The future aggregate minimum lease payments (until maturity date) under leases, for which the Group has applied the exemption as at 31 December 2023 are as follows:

	Expenses during reporting period	Not later than 1 year	Later than 1 year but not later than 5 years	Later than 5 years
Short-term leases	1 261	715	-	-
Low value leases	733	205	518	78
Total	**1 994**	**920**	**518**	**78**

Variable lease payments during 2023 amounted to EUR 179 710 thousand. The increase compared to prior year is related to more new aircraft leases signed or exiting contracts modified to 'power by hours' terms, which are variable in nature and do not fall in scope of IFRS 16.

The future aggregate minimum lease payments under leases, for which the group has applied the exemption as at 31 December 2022 are as follows:

	Expenses during reporting period	Not later than 1 year	Later than 1 year but not later than 5 years	Later than 5 years
Short-term leases	4 409	2 075	-	-
Low value leases	756	138	313	123
Total	**5 165**	**2 213**	**313**	**123**

Variable lease payments during 2022 amounted to EUR 65 220 thousand. The increase compared to prior year is related to more new aircraft leases signed or exiting contracts modified to 'power by hours' terms, which are variable in nature and do not fall in scope of IFRS 16.

32. Leases (continued)

Generally variable lease payments depend on performance indicators such as flight hours, landings or flight cycles and are expected to increase with higher leased aircraft fleet size and higher utilisation of leased assets.

33. Business combinations and disposals

The primary reason for all business combinations mentioned below is the Group's overall strategy to expand and diversify its operations.

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 BAA Leasing and Trading DMCC (prev. AviaAM Leasing Trading 2 DMCC).

During March 2023, the Group established new subsidiary Skycop Global DMCC (prev. Avia Solutions People DMCC) and sold its 100% shares during December 2023.

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 Ascend Airways Limited (prev. 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.

During July 2023, the Group established new subsidiary Magma Aviation Global Services Limited.

During July 2023, the Group established new subsidiary Magma International Limited.

During July 2023, the Group established new subsidiary BAA Training India Private Limited.

During August 2023, the Group sold its 100% of shares in the subsidiary Kidy Tour UAB.

During August 2023, the Group sold its 100% of shares in the subsidiary Kidy Tour OÜ.

During August 2023, the Group sold its 100% of shares in the subsidiary Kidy Tour LV.

During August 2023, the Group established new subsidiary Asia Pacific Leasing Co. SAS.

During September 2023, the Group disposed all shares of joint venture FL ARI Aircraft Maintenance & Engineering Company Co. Ltd.

During October 2023, the Group acquired 100% of the shareholding of WAYPOINT AEROTEC LIMITED based in the United Kingdom.

During October 2023, the Group merged Naftelf Eesti Aktsiaselt to subsidiary Baltic Ground Services EE OÜ.

During November 2023, the Group acquired 51% of the shareholding of AI 12 DMCC based in the United Arab Emirates.

During November 2023, the Group merged Nordic Aero Holding AB to subsidiary Aviator Airport Alliance AS.

During December 2023, the Group established new subsidiary Chapman Freeborn Aviation (LLC).

During December 2023, the Group established new subsidiary Avion Express Brasil LTDA.

During December 2023, the Group established new subsidiary Intradco Global DMCC.

During December 2023, the Group established new subsidiary Magma Aviation DMCC.

During December 2023, the Group sold its 100% of shares in the subsidiary BGS Rail Lease TOV.

(All tabular amounts are in EUR ‘000)

33. Business combinations and disposals (continued)

The following table summarises details of purchase considerations paid, and the amounts of the assets acquired and liabilities assumed recognised at the acquisition date, as well as the fair value at the acquisition date of non-controlling interest:

Acquisitions	AI12	AirExplore	Naftelf	Synergy	DG41
Property, plant and equipment	17	54 323	1 563	-	2 347
Intangible assets	-	3 429	832	-	-
Trade and other receivables	6 932	10 349*	1 215	125	0
Deferred income tax assets	-	3 114	-	-	-
Inventories	-	2 456	190	-	-
Cash and cash equivalents	863	3 606	428	11	3
Borrowings and lease liabilities	-	(58 294)	(1 820)	-	-
Provisions	-	(3 183)	-	-	-
Trade and other payables	(7 079)	(25 702)	(677)	(233)	(13)
Deferred income tax liability	-	(720)	-	10	(326)
Total identifiable net assets	**733**	**(10 622)**	**1 731**	**(87)**	**2 011**
Purchase consideration	66	7 999**	2 894	1 414	2 011
Purchase consideration (issued put option)	-	601	-	-	-
Non-controlling interests	359	-	-	-	-
Goodwill	**(308)**	**19 222**	**1 163**	**1 501**	**-**
Purchase consideration paid in cash	66	7 999	2 894	1 414	2 011
Cash acquired	(863)	(3 606)	(428)	(11)	(3)
Purchase of subsidiaries (net of cash acquired)	**(797)**	**4 393**	**2 466**	**1 403**	**2 008**

*The fair value of the financial assets acquired includes receivables with the gross amount due under the contracts amounted to EUR 6 038 thousand at the acquisition date which expected to be fully uncollectable.

**The purchase consideration includes a contingent variable payment depending on the adjusted performance of the entity. As of the reporting date, no material potential outflow is estimated.

Goodwill recorded in connection with acquisitions is primarily attributable to the synergies expected to arise after the acquisition of those businesses and expected profitability of the acquired business acquired.

Details of acquired business contributed revenues and consolidated pro-forma revenues and net profit is presented below:

Acquisitions	AI12	AirExplore	Naftelf	Synergy	DG41
Contribution till acquisition date					
Revenue	4 535	27 349	10 382	2 703	-
Net Profit (loss)	787	(6 435)	(172)	(317)	-
Contribution pro-forma consolidated					
Pro-forma revenue	**6 610**	**81 614**	**14 035**	**2 966**	**-**
Net profit	**1 146**	**3 535**	**(49)**	**(1 186)**	**(18)**

Details of sale price and assets and liabilities arising from the disposals in Group financial statements are as follows:

Disposals	KIDY (Tiketa) Group	BGS Rail lease	DG Avia
Property, plant and equipment	2	-	
Intangible assets	4	-	
Trade and other receivables	489	299	
Deferred income tax assets	9	109	
Inventories	-	7	
Cash and cash equivalents	12	0	
Borrowings and lease liabilities	(1 523)	-	
Provisions	-	-	
Trade and other payables	(1 520)	(963)	
Deferred income tax liability	(6)	(22)	
Assets held for sale	-	-	13 710
Liabilities held for sale	-	-	(11 738)
Total identifiable net assets	(2 533)	(570)	1 972
Proceeds from sale of interest in subsidiaries	(12)	10	16 062*
Sales Lease back adjustment impact	-	-	(7 338)
Gain (loss) on disposal, directly recognised in disposal's group other gains/(losses)	2 521	580	6 752

*Proceed from sales of interest in subsidiaries (net of cash) in cash flow statement include payment received from disposed financial assets amounted to EUR 4 077 thousand.

(All tabular amounts are in EUR '000)

34. 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:

	2023	2022
Sales of services to:		
Ultimate Beneficial Owner	151	196
Parent	-	13
Entities having significant influence	18	-
Other related parties	437	330
	606	**539**
Sales of assets:		
Entities having significant influence	-	-
Other related parties	392	15
	392	**15**
Total sales of assets and services	**998**	**554**

	2023	2022
Purchases of assets from:		
Other related parties	1 274	865
	1 274	**865**
Purchases of services from:		
Ultimate Beneficial Owner	-	-
Parent	-	36
Entities having significant influence	80	742
Other related parties*	1 378	2 508
	1 458	**3 286**
Total purchases of assets and services	**2 732**	**4 151**
Other income & other gains	**842**	**1 465**
Finance and other costs	**258**	**48**

*Other related parties caption contains purchase of services from joint venture BSTS & Storm Aviation Limited amounting to EUR 519 thousand related to consultation services and employee rent.

In year 2023 amount of purchases of premises lease services from related parties was EUR 570 thousand (in 2022: EUR 1 935 thousand).

	2023	2022
Trade receivables from related parties:		
Trade receivables from Ultimate Beneficial Owner	18	51
Trade receivables from Parent	-	78
Trade receivables from entities having significant influence	77	-
Trade receivables from other related parties	605	1 186
Impairment of trade receivables from other related parties	(5)	(398)
Trade receivables from related parties – net (Note 21)	**695**	**917**
Security deposit with lessor from related parties (Note 21)	**11**	**9**
Other receivables from Parent	2 677	2 300
Other receivables from entities having significant influence	2 882	2 575
Other receivables from other related parties	3 983	2 345
Discounting of other receivables from other related parties	(204)	-
Impairment of other receivables from other related parties	(262)	(210)
Other receivables from related parties – net (Note 21)	**9 076**	**7 010**
Prepayments to other related parties (Note 21)	399	45
Amount due from customers for contract work from other related parties (Notes 21)	5	-
Deferred charges (Note 21)	-	15
	10 186	**7 996**
Payables and advances received from related parties:		
Amounts payable to entities having significant influence (Note 28)	6	40
Amounts payable to other related parties (Note 28)	730	319
Lease liabilities	5 243	8 567
Advances received from other related parties*	7 259	7 502
Advances received from Ultimate Beneficial Owner	15	-
Other financial payables to other related parties	-	-
Other financial payables to Ultimate Beneficial Owner	2	2
Accrued expenses from related parties**	178	160
Dividends payable to other related parties	231	102
Amounts payable to Parent (Note 28)	39	-
	13 703	**16 692**

*Advances received from related parties include advance received from joint venture AviaAM Financial Leasing China Co., Ltd amounting to EUR 7 240 thousand based on LOI for search of aircrafts.
**Total amount consist of balance with joint venture BSTS & Storm Aviation Limited which is related to consultation services and employee rent.

(All tabular amounts are in EUR '000)

34. Related party transactions (continued)

Gross loans granted to related parties:	2023	2022
Beginning of the period	**31 069**	**29 451**
Loans granted to the Parent	-	635
Currency translations differences	(685)	354
Loan repayments received from other related parties (set-offs)	(2 700)	(754)
Recovered part of investment / (Losses) recognised using the equity method in excess of the entity's investment	2 702	(160)
Interest charged to other related parties	1 376	1 554
Interest paid	-	(11)
End of the period	**31 762**	**31 069**
Less non-current portion:	(30 324)	(25 793)
Current portion (including accrued interest):	**1 438**	**5 276**

Gross loans granted to related parties:	2023	2022
Loans granted to the Parent	9 678	9 818
Loans granted to entities having significant influence	10 632	10 632
Loans granted to other related parties	6 424	6 859
Accrued interest*	5 028	3 760
End of period:	**31 762**	**31 069**

*Accrued interest is presented as part of Other receivables from related parties caption (Note 21).

The loans granted in direct relation with UBO connected entities as of 31 December 2023 amounted to EUR 26 171 thousand (2022: EUR 26 311 thousand)

The other receivables (including accrued interest) in direct relation with UBO connected entities as of 31 December 2023 amounted to EUR 6 978 thousand (2022: EUR 5 736 thousand)

The sales and purchases of services with related parties relate to consulting, legal, marketing, IT services. Purchases and sales of assets relates to furniture and fixtures. The payments terms are standard.

Leases liability from related parties relates to leased hangar and premises by the Group with contract maturities up to 4 years.

The maturities of loans granted to related parties vary within 1-2 years.

The Group issued convertible preferred shares (Note 37). After the transaction, the investor is considered as a related party, since the counterparty may exercise significant influence on the Group with one selected member in the Board of Directors.

In 2023 September, the Group has issued a call option to the related party Basketball Holding Company AB for acquisition of shares of subsidiary Avia Solutions Group Arena UAB. The call option price is EUR 21m, term is 4 years from 1st of January 2024 and interest rate 7%, compounded quarterly.

35. Remuneration of the Group's key management

Key management includes General Directors of the Company and key subsidiaries, Chief Financial Officer of the Company, members of the Board of Directors. Transactions with Group's key management are as follows:

	2023	2022
Salaries including termination benefits	2 223	1 861
Social insurance expenses	130	171
Bonuses	498	240
Employee benefits	8	8
Other	63	41
	2 922	**2 321**
Receivables from key management at the end of year	1 773	1 064
The number of key management personnel during the year	12	12

As at 31 December 2023, the Group had signed put option agreements with 23 employees, which allow the right to put back acquired shares of the Company between 2019 and 2030. These contracts are signed with the Group employees, related to the Management of the Group, and have service conditions included. Additionally, these contracts have a lock up mechanism over ability to sell shares of the entity to the 3rd parties during a four years period. Shares underlying those contracts were sold on a discount to the interest of managers of the group, which therefore is an indication for share-based payment accounting. The associated receivables for share disposals from key management is disclosed above. The management of the Group has evaluated the above-mentioned option agreements and calculated the benefit received by the managers for an amount of EUR 6 788 thousand, which is amortized during 8 to 12 years vesting period in equal parts. During 2023 the part of benefit included in the consolidated statement of comprehensive income amounts to EUR 1 134 thousand (EUR 264 thousand during 2022).

	2023	2022
Total emoluments for services	826	623

	31 December 2023	31 December 2022
Receivables		
Jonas Janukenas	185	185
Zilvinas Lapinskas	128	128
Pascal Jean Alexandre Picano	180	-
Total receivables from Directors	**493**	**313**
Loans granted		
Zilvinas Lapinskas (interest 4-5%)	413	413
Total loans granted to Directors	**413**	**413**

(All tabular amounts are in EUR '000)

36. Derivatives

The Group has the following derivative financial instruments in the following line items in the balance sheet which are net settled:

	2023	2022
Non-current assets		
Foreign currency interest rate forward - cash flow hedges	2 774	5 513
Current liabilities		
Foreign currency interest rate swap - cash flow hedges	141	-
Non-current liabilities		
Foreign currency interest rate swap - cash flow hedges	1 464	195

Hedging reserves

The Group's hedging reserves disclosed in consolidated statements of changes in equity as fair value reserve relate to the following hedging instruments:

	Foreign currency interest rate swap
Opening balance 1 January 2022	**2 007**
Change in cashflow reserve of hedging instrument recognised in OCI	2 136
Deferred tax	(269)
Closing balance 31 December 2022	**3 874**
Opening balance 1 January 2023	**3 874**
Change in cashflow reserve of hedging instrument recognised in OCI	(167)
Deferred tax	(222)
Closing balance 31 December 2023	**3 485**

Hedge effectiveness

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments, to ensure that an economic relationship exists between the hedged item and hedging instrument.

For hedges of foreign currency purchases, the group enters into hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item. The Group therefore performs a qualitative assessment of effectiveness. If changes in circumstances affect the terms of the hedged item such that the critical terms no longer match exactly with the critical terms of the hedging instrument, the group uses the hypothetical derivative method to assess effectiveness.

In hedges of foreign currency purchases, ineffectiveness may arise if the timing of the forecast transaction changes from what was originally estimated, or if there are changes in the credit risk of the Group or the derivative counterparty.

The Group enters into currency swaps that have similar critical terms as the hedged item, such as reference rate, reset dates, payment dates, maturities and notional amount. The group does not hedge 100% of its cash flows, therefore the hedged item is identified as a proportion of the outstanding loans up to the notional amount of the swaps. As all critical terms matched during the year, there is an economic relationship.

Hedge ineffectiveness for currency swaps is assessed using the same principles as for hedges of foreign currency purchases. It may occur due to:
- the credit value/debit value adjustment on the currency swaps which is not matched by the loan, and
- differences in critical terms between the currency swaps and loans.

There was no recognised ineffectiveness during 2023 and 2022 in relation to the foreign currency swap.

Effects of hedge accounting on the financial position and performance

The effects of the foreign currency swaps on the group's financial position and performance are as follows:

	2023	2022
Foreign cross-currency interest rate swap		
Carrying amount (non-current asset)	2 774	5 513
Carrying amount (non-current liability)	(1 464)	(195)
Notional amount	115 581	115 581
Maturity date	May 2023 – November 2024	May 2023 – November 2024
Hedge ratio	1:1	1:1
Change in fair value of outstanding hedging instruments since 1 January	4 225	2 105
Change in value of hedged item used to determine hedge effectiveness	(4 225)	(2 105)

37. Convertible preferred shares

On 15 December 2021 the Group issued non-voting convertible preferred shares amounting to EUR 300 million. 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.

37. Convertible preferred shares (continued)

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

	Convertible preferred shares
Opening balance 1 January 2022	**300 920**
Change in fair value recognised in profit or loss (Note 12)	24 806
Change in fair value recognised in OCI (own credit risk)	-
Closing balance 31 December 2022	**325 726**
Opening balance 1 January 2023	**325 726**
Change in fair value recognised in profit or loss (Note 12)	26 850
Change in fair value recognised in OCI (own credit risk)	-
Closing balance 31 December 2023	**352 576**

As at 31st December, the fair value of the preferred shares was estimated using the option pricing model. The unobservable inputs will include price of own equity, time up to liquidity event, risk-free rate, standard deviation of comparable equity instruments and discount for lack of control. The key assumptions used in the valuation model were the following:

	2023	2022	
Risk free rate	**3.3%**	4.0%	The Group estimated the risk-free interest rate based on the yield of Euro Area and US Government Bonds with maturity life close to the timing as of valuation date. The higher the value, the lower the fair value of the instrument.
Volatility	**30.7%**	33.8%	Volatility was estimated based on annualized standard deviation of daily stock price return of comparable companies for a period from the respective valuation date and with similar span as time to expiration. The higher the value, the higher the fair value of the instrument.
Discount for lack of control	**5.0%**	5.0%	Decrease in the allocated value of own equity as a result of a shareholder's inability to exercise control over the company. The higher the value, the lower the fair value of the instrument.

Probability weight under each of the conversion feature, redemption feature and liquidation preferences was based on the Group's best estimates. The key assumptions used in the valuation of own equity were the following:

	2023	2022	
Discount rate	**9.3%**	10.9%	Discount rate (post-tax) was estimated by weighted average cost of capital as of each valuation date. The higher the value, the lower the fair value of the own equity
Average EBITDA margin	**18.6%**	19.0%	Based on 5-year business plan projections. The higher the value, the higher the fair value of the own equity
Discount for lack of marketability	**17.5%**	15.0%	Discount deducted from the value of own equity to reflect the relative absence of marketability. The higher the value, the lower the fair value of the own equity
Terminal growth rate	**2.0%**	2.6%	This is the weighted average growth rate used to extrapolate cash flows beyond the business plan period. The higher the value, the higher the fair value of the own equity

The fair value of Preferred Shares on the valuation date was determined by taking into account not only the assumptions mentioned earlier but also the estimates of future performance, CAPEX, net working capital, and lease repayments, which were based on the management's business plan and industry expertise.

Management has performed a sensitivity analysis for the valuation of the preferred shares instrument:
- If the Discount rate used would be lower by 1 p.p. (other assumptions remaining unchanged), the valuation would result in liability increase and loss from revaluation by EUR 17 990 thousand.
- If the projected average EBITDA margin would be higher by 2 p.p. (other assumptions remaining unchanged), the valuation would result in liability increase and loss from revaluation by EUR 36 410 EUR thousand.
- If the discount for lack of marketability would be lower by 5 p.p. (other assumptions remaining unchanged), the valuation would result in liability increase and loss from revaluation by EUR 4 599 EUR thousand.
- if the terminal growth rate would be higher by 1 p.p. (other assumptions remaining unchanged), the valuation would result in liability increase and loss from revaluation by EUR 13 126 EUR thousand.

38. Events after the reporting date

During March 2024, the Group acquired 100% of the shareholding of Skytrans PTY Ltd. based in Australia for approx. EUR 7.9m. The entity is operating as a regional airline and air charter business. The process of completion accounts and purchase price allocation is in progress of the date of theses financial statements.

During March 2024, the Group entered into a Conversion and Undertaking agreement with Certares Compass S.a.r.l regarding the conversion of the preferred shares held in the Company into ordinary shares, constituting 20% ownership in the company. This agreement is contingent upon approval by the shareholders during the extraordinary meeting to be held in April 2024.

Managing Director
Jonas Janukenas

Director
Zilvinas Lapinskas

(All tabular amounts are in EUR '000)

COMPANY BALANCE SHEET

BALANCE SHEET	Notes	As at 31 December 2023	2022
ASSETS			
Property, plant and equipment		5 560	-
Intangible assets		812	-
Financial assets	4	641 044	-
Deferred income tax assets		71	-
Non-current trade and other receivables	5	3 223	-
Non-current assets		**650 710**	**-**
Inventories		9	-
Trade and other receivables	5	66 763	25
Contract assets		234	-
Prepaid income tax		1	-
Cash and cash equivalents		18 678	-
Current assets		**85 685**	**25**
Total assets		**736 395**	**25**
EQUITY			
Equity attributable to the Company's equity shareholders			
Share capital	9	22 556	25
Share premium	9	10 000	-
Retained earnings from previous reporting periods		284 414	-
Retained earnings from current reporting period		39 959	-
Equity attributable to equity holders of the parent		**356 929**	**25**
Total equity		**356 929**	**25**
LIABILITIES			
Non-current borrowings	6	4 205	-
Non-current trade and other payables		601	-
Convertible preferred shares	8	352 576	-
Non-current liabilities		**357 382**	**-**
Borrowings	6	9 818	-
Trade and other payables	7	11 598	-
Contract liabilities		23	-
Current income tax liabilities		645	-
Current liabilities		**22 084**	**-**
Total liabilities		**379 466**	**-**
Total equity and liabilities		**736 395**	**25**

The profit recorded in the financial statements of the Company for the year ended 31 December 2023 was EUR 39 959 thousand (2022: Nil). As permitted by Section 304 of the Companies Act 2014, the Statement of profit or loss of the Company has not been separately presented in the financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Merger reserve (Note 11)	Retained earnings	Total equity
Balance at 10 October 2022	**-**	**-**	**-**	**-**	**-**
Result for the period	-	-	-	-	**-**
Increase in share capital	25	-	-	-	**25**
Balance at 31 December 2022	**25**	**-**	**-**	**-**	**25**
Merger accounting (Note 9)	22 556	1 177 444	(859 193)	-	**340 807**
Capital reduction	(25)	(1 167 444)	-	1 167 469	**-**
Reclassification of merger reserve	-	-	859 193	(859 193)	**-**
Share based payments charge	-	-	-	1 134	**1 134**
Dividends paid	-	-	-	(24 996)	**(24 996)**
Profit for the year	-	-	-	39 959	**39 959**
Balance at 31 December 2023	**22 556**	**10 000**	**-**	**324 373**	**356 929**

Financial Statements of the Company have been approved and signed on 8 April 2024:

Managing Director
Jonas Janukenas

Director
Zilvinas Lapinskas

(All tabular amounts are in EUR '000)

NOTES TO THE COMPANY FINANCIAL STATEMENTS

1. Basis for preparation

The financial statements have been prepared on a going concern basis under the historical cost convention in accordance with the Companies Act 2014 and Generally Accepted Accounting Practice in the Republic of Ireland (Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101)). Note 2 describes the principle accounting policies under FRS 101, which have been applied consistently. In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- Cash Flow Statement and related notes;
- Comparative period reconciliations for tangible fixed assets and intangible assets;
- The option to take tangible and intangible assets at deemed cost;
- Disclosures in respect of transactions with wholly-owned subsidiaries;
- Disclosures in respect of financial risk management;
- Disclosure of key management compensation;
- Certain requirements of IAS 1 Presentation of Financial Statements;
- Disclosures required by IFRS 7 Financial Instrument Disclosures;
- Disclosures required by IFRS 13 Fair Value Measurement;
- Certain disclosures required by IFRS 16 Leases; and
- The effects of new but not yet effective IFRSs.

As the consolidated financial statements of Avia Solutions Group (ASG) PLC include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosure:

- Convertible preferred shares

In accordance with Section 304(2) of the Companies Act 2014, the statement of profit or loss and related notes of the parent undertaking have not been presented separately in these financial statements.

2. Material accounting policies

Investments into subsidiaries and joint venture

Investments in subsidiaries and joint venture in the separate financial statements of the Company are accounted for at cost less impairment losses, if any.

Impairment of non-financial assets

Assets that are subject to depreciation and amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

The Company follows the guidance of IAS 36 on determining when an investment is other than temporarily impaired. This determination requires significant judgement. In making this judgement, the Company evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost and the financial health and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

Dividend income

Dividend income from investments is recognized when the right to receive payment has been established.

Other remaining financial statements items follow the accounting policies disclosed in the Group financial section above.

3. Statutory and other information

The following major items have been charged to the Company's statement of profit or loss:

	2023	2022
Depreciation and amortisation	(1 018)	-
Cost of purchased services	(714)	-
Employee related expenses	(6 912)	-
Consulting expenses*	(3 597)	-
Provision for impairment of financial assets	(3 687)	-
Interest expenses on borrowings	(718)	-
Loss from fair value change of convertible preferred shares (Note 7)	(22 638)	-
Income tax (expenses)	(1 706)	-
Foreign exchange (loss) on financing activities	(2 293)	-

* Under consulting expenses fees charged by the Company's statutory auditors for the year-ended 31 December 2023 amounted to EUR 120 thousand (2022: EUR 10 thousand).

The average number of persons employed by the Company during the year was 155 (2022: 0).

4. Financial assets

	2023	2022
Opening balance	-	-
Merger accounting impact (Note 9)	501 032	-
Purchase of interest in subsidiaries	8 065	-
Subsidiaries establishments	1 239	-
Sales of investments	(850)	-
Impairment of investments	-	-
Share capital increase of subsidiaries	130 425	-
Option agreements*	1 133	-
Closing balance	**641 044**	**-**

* As of 31 December 2023, the Group had signed put option agreements with 23 employees, which allow the right to put back acquired shares of the Company between 2019 and 2026. For more details refer to Note 34 in the Group financial section above.

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

(All tabular amounts are in EUR '000)

4. Financial assets (continued)

During the year 2023, the Company has several times contributed to the share capital of ASG Finance DAC in total of EUR 115 000 thousand.

For more details on establishments and other transactions refer to the Group's financial section Note 33 disclosed above.

5. Trade and other receivables

	2023	2022
Trade receivables	62	-
Less: provision for impairment of trade receivables	(9)	-
Trade receivables – net	**53**	**-**
Prepayments	22	-
Less: provision for impairment of prepayments	-	-
Prepayments - net	**22**	**-**
Other receivables	220	-
Discounting of other receivables	(7)	-
Less: provision for impairment of other receivables	(1)	-
Other receivables – net	**212**	**-**
Trade receivables from related parties	7 597	-
Less: provision for impairment of trade receivables from related parties	(1 148)	-
Trade receivables from related parties – net (Note 10)	**6 449**	**-**
Loans granted to related parties	45 841	-
Less: provision for impairment of loans granted to related parties	(5 464)	-
Loans granted to related parties – net (Note 10)	**40 377**	**-**
Other receivables from related parties	27 680	25
Discounting of other receivables from other related parties	-	-
Less: provision for impairment of other receivables from related parties	(5 975)	-
Other receivables from related parties – net (Note 10)	**21 705**	**25**
VAT receivables	435	-
Deferred charges	229	-
Security deposit – net	210	-
Security deposits to related parties placed – net (Note 10)	82	-
Prepayments to related parties (Note 10)	212	-
Total trade and other receivables:	**69 986**	**25**
Less non-current portion:	(3 223)	-
Current portion:	**66 763**	**25**

6. Borrowings

	2023	2022
Non-current		
Lease liabilities	2 385	-
Lease liabilities to related parties (Note 10)	1 820	-
	4 205	**-**
Current		
Lease liabilities	177	-
Lease liabilities to related parties (Note 10)	186	-
Borrowings from related parties (Note 10)	9 455	-
	9 818	**-**
Total borrowings	**14 023**	**-**

The table below analyses the Company's borrowings into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date:

	2023	2022
Less than 1 year	9 818	-
Between 1 and 5 years	1 831	-
Over 5 years	2 374	-
	14 023	**-**

7. Trade and other payables

	2023	2022
Trade payables	878	-
Accrued expenses	643	-
Salaries and social security payable	1 248	-
Provisions	601	-
Amounts payable to related parties (Note 10)	327	-
Dividends payable	563	-
Dividends payable to related parties (Note 10)	231	-
VAT payable	11	-
Pension reserve accrual	1	-
Other payables to related parties (Note 10)	7 694	-
Other payables	2	-
Total trade and other receivables:	**12 199**	**-**
Less: non-current portion	(601)	-
Current portion	**11 598**	**-**

(All tabular amounts are in EUR '000)

8. Convertible preferred shares

On 15 December 2021 the Group issued non-voting convertible preferred shares amounting to EUR 300 million. 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. For more details refer to Note 37 in disclosed in the Group's financial section above.

9. Share capital and share premium

On 31 December 2022, the share capital of the Company amounted to EUR 25 000 and consisted of 86 207 ordinary registered shares with a nominal value of 0.29 Euro each.

With effect from 1 March 2023, the Irish based Avia Solutions Group (ASG) PLC acquired, by way of a cross border merger, all the business and associated assets and liabilities of Avia Solutions Group PLC, in exchange for the issuance by the Company of new ordinary shares to the shareholders of Avia Solutions Group PLC.

As of 31 December 2023, the share capital of the Company amounted to EUR 22 555 555 and consisted of 77 777 777 ordinary registered shares with a nominal value of 0.29 Euro each. All shares were fully paid up and authorised share capital is the same as issued and paid-up share capital. On 31 December 2023, the share premium of the Company amounted to EUR 10 000 thousand.

For more details on the merger accounting and other related matters, please refer to Note 23 disclosed in the Group financial section above and Note 11 in the Company financial section below.

10. Related party transactions

Related parties of the Company include all the entities directly or indirectly controlled by Avia Solutions Group (ASG) PLC, entities having significant influence over the Company, key management personnel and other related parties. Avia Solutions Group (ASG) PLC subsidiaries are entities under common control which are directly or indirectly controlled by Avia Solutions Group (ASG) PLC. Entities having significant influence over the Company are Vertas Aircraft Leasing Limited and Vertas Management AB. Parent entity - Procyone FZE. Transactions with these companies are presented separately. Other related parties include entities controlled by key management personnel and entities indirectly controlled by the same ultimate beneficial owner. The following transactions were carried out with related parties:

	2023	2022
Sales of services to:		
Parent	-	-
Avia Solutions Group (ASG) PLC subsidiaries	6 030	-
Entities having significant influence	14	-
Other related parties	63	-
	6 107	-
Sales of assets:		
Other related parties	-	-
Avia Solutions Group (ASG) PLC subsidiaries	51	-
	51	-
Total sales of assets and services	**6 158**	**-**

	2023	2022
Purchases of assets from:		
Other related parties	74	-
Avia Solutions Group (ASG) PLC subsidiaries	25	-
	99	-
Purchases of services from:		
Parent	-	-
Avia Solutions Group (ASG) PLC subsidiaries	905	-
Entities having significant influence	-	-
Other related parties	13	-
	918	-
Total purchases of assets and services	**1 017**	**-**
Other income		
Parent	-	-
Avia Solutions Group (ASG) PLC subsidiaries	3 078	-
Entities having significant influence	-	-
Other related parties	13	-
	3 091	**-**
Dividend income	**73 419**	**-**
Finance and other costs		
Parent	-	-
Avia Solutions Group (ASG) PLC subsidiaries	769	-
Entities having significant influence	-	-
Other related parties	(9)	-
	760	**-**

The sales and purchases of services with related parties relate to consulting, legal, marketing, IT services. Purchases and sales of assets relates to furniture and fixtures. The payments terms are standard.

Loans granted to related parties mainly relate to financing operations or investment activities of subsidiaries, the maturities vary within 1 to 3 years.

Loans received from related parties have maturity term ending within a year.

Other income relates to accrued interest from loans granted.

Finance costs relates to interest expenses on borrowings received.

(All tabular amounts are in EUR '000)

10. Related party transactions (continued)

	2023	2022
Trade receivables from		
Parent	-	-
Avia Solutions Group (ASG) PLC subsidiaries	7 374	-
Entities having significant influence	77	-
Other related parties	146	-
Impairment	(1 148)	-
	6 448	**-**
Loans granted to		
Avia Solutions Group (ASG) PLC subsidiaries	45 841	-
Impairment	(5 464)	-
	40 377	**-**
Other financial receivables from		
Parent*	2 153	25
Avia Solutions Group (ASG) PLC subsidiaries	25 155	-
Entities having significant influence	-	-
Other related parties	372	-
Impairment	(5 975)	-
	21 705	**25**
Contract assets from		
Parent	-	-
Avia Solutions Group (ASG) PLC subsidiaries	209	-
Entities having significant influence	5	-
Other related parties	-	-
Impairment	(33)	-
	181	-
Security deposits paid to		
Avia Solutions Group (ASG) PLC subsidiaries	82	-
	82	**-**
Borrowings from		
Avia Solutions Group (ASG) PLC subsidiaries	9 455	-
	9 455	**-**
Lease liabilities to		
Avia Solutions Group (ASG) PLC subsidiaries	2 006	-
Other related parties	-	-
	2 006	-

*Prior period includes due from shareholder receivable from Avia Solutions Group PLC (parent before cross-border merger).

	2023	2022
Other financial payables to		
Avia Solutions Group (ASG) PLC subsidiaries	7 694	-
Other related parties	231	-
	7 925	-
Trade payables to		
Avia Solutions Group (ASG) PLC subsidiaries	310	-
Other related parties	-	-
Parent	17	-
	327	**-**

Remuneration of the Company's key management

Key management includes General Director and Chief Financial Officer of the Company and members of the Board of Directors. Transactions with Company's key management are as follows:

	2023	2022
Salaries including termination benefits	703	-
Social insurance expenses	31	-
	734	**-**
Receivables from key management at the end of year	**122**	**-**
The number of key management at the end of year	**7**	**2**

In 2023 the Company had receivables from key management of the Company in relation to share acquisitions in the amount of EUR 122 thousand (2022: 0).

Remuneration of the Company's Directors

	2023	2022
Total emoluments for services	252	-

	31 December 2023	31 December 2022
Receivables		
Jonas Janukenas	122	-
Total receivables from Directors	**122**	**-**

(All tabular amounts are in EUR '000)

11. Merger accounting

With effect from 1 March 2023, Avia Solutions Group (ASG) PLC (Irish Co.) acquired, by way of a cross border merger, all of the business and associated assets and liabilities of Avia Solutions Group PLC (Cyprus Co.), in exchange for the issuance by the Company of new ordinary shares to the shareholders of Avia Solutions Group PLC. The issuance of new Irish Co. share capital was paid up in kind by the net assets of Cyprus Co. and on day 1 of the merger the consideration was valued at fair value. Since management treats the cross-border merger as reorganisation under common control, the selected accounting policy choice for the purposes of Company accounts was to use the predecessor values of Company by transferring both assets and liabilities at accumulated cost of the Cyprus Co., therefore, to maintain the transferred book net asset value a negative merger reserve in equity was created as a counter. In addition, in connection with the merger the pre-merger Irish Co. capital cancelation in amount of EUR 25 thousand was made. The negative merger reserves of 859 193 thousand were calculated as the difference between the estimated consideration value on the paid-up ordinary shares of EUR 1 200 000 thousand and predecessor company net assets on merger date amounting to EUR 340 807 thousand.

Day 1 Merger Company balance sheet	1 March 2023 (Cyprus Co.) pre-merger	1 March 2023 (Irish Co.) pre-merger	Merger accounting impact	Capital reduction in relation to merger	1 March 2023 (Irish Co.) after merger
ASSETS					
Property, plant and equipment	6 466	-	-	-	6 466
Intangible assets	683	-	-	-	683
Deferred income tax assets	1 132	-	-	-	1 132
Investment in subsidiaries	501 057	-	-	-	501 057
Non-current trade and other receivables	41 710	-	-	-	41 710
Non-current assets	**551 048**	**-**	**-**	**-**	**551 048**
Inventories	6	-	-	-	6
Trade and other receivables	21 769	25	-	-	21 794
Contract assets	162	-	-	-	162
Prepaid income tax	1	-	-	-	1
Cash and cash equivalents	123 076	-	-	-	123 076
Current assets	**145 014**	**25**	**-**	**-**	**145 039**
Total assets	**696 062**	**25**	**-**	**-**	**696 087**
EQUITY					
Share capital	22 556	25	-	(25)	22 556
Share premium	282 158	-	895 286	-	1 177 444
Merger reserves	-	-	(859 193)	-	(859 193)
Other reserves	860	-	(860)	-	-
Retained earnings	35 233	-	(35 233)	25	25
Total equity	**340 807**	**25**	**-**	**-**	**340 832**
LIABILITIES					
Non-current borrowings	14 938	-	-	-	14 938
Convertible preferred shares	329 938	-	-	-	329 938
Non-current liabilities	**344 876**	**-**	**-**	**-**	**344 876**
Borrowings	525	-	-	-	525
Trade and other payables	9 648	-	-	-	9 648
Contract liabilities	206	-	-	-	206
Current liabilities	**10 379**	**-**	**-**	**-**	**10 379**
Total liabilities	**355 255**	**-**	**-**	**-**	**355 255**
Total equity and liabilities	**696 062**	**25**	**-**	**-**	**696 087**

(All tabular amounts are in EUR '000)

12. Principal operating subsidiaries

The list of the Company's direct holdings into subsidiaries and associates are provided below:

Name, Country of establishment	Ownership% 2023	Nature of the business
AviaAM Leasing Service Centre AB, Republic of Lithuania	98,84	Aviation Logistics and Distribution Services
ASG Finance Designated Activity Company, Republic of Ireland	100	Financing activities
Smart Aviation Holding SIA, Republic of Latvia	100	Aviation Logistics and Distribution Services
Chapman Freeborn Holdings Limited, United Kingdom	95.41	Aviation Logistics and Distribution Services
Eyjafjoll SAS, France	49	Aviation Logistics and Distribution Services
Avia Solutions Group Arena UAB, Republic of Lithuania	100	Arena rent services
KlasJet UAB, Republic of Lithuania	100	Aviation Logistics and Distribution Services
Loop Holding UAB, Republic of Lithuania	100	Real estate management services
Aviator Airport Alliance AB, Kingdom of Sweden	100	Aviation Supporting Services
Helisota UAB, Republic of Lithuania	100	Maintenance Repair Overhaul (MRO) services for helicopters
BAA Training UAB, Republic of Lithuania	100	Aircraft crew training services
FL Technics UAB, Republic of Lithuania	100	MRO services
BBN BBN Cargo Airlines Holdings UAB, Republic of Lithuania	100	Aviation Logistics and Distribution Services
Digital Aero Technologies UAB, Republic of Lithuania	100	Holding
AI 12 DMCC	51	Insurance broker
AeroOpportunity Holdings Limited	100	Holding
Baltic Ground Services UAB, Republic of Lithuania	100	Aircraft ground handling and fueling services.
BAA Training China Co., Ltd	50	Joint venture. Aircraft crew training services
AirExplore S.R.O.	100	Aviation Logistics and Distribution Services
Aero City Group UAB, Republic of Lithuania	100	Real estate management services
Panevezio arena UAB, Republic of Lithuania	100	Real estate management services
JetMS Holdings Ltd.	100	Aviation Supporting Services
Skyllence, UAB	100	Aviation Logistics and Distribution Services
Air Holding Limited	97	Aviation Logistics and Distribution Services
Asia Pacific Leasing Co	100	Aviation Logistics and Distribution Services
BGS Rail Holdings UAB, Republic of Lithuania	100	Railway logistics
Aviation Services Fze	100	Aviation Supporting Services
BPC Travel UAB, Republic of Lithuania	99	Aviation Logistics and Distribution Services
ASG Asset Management UAB, Republic of Lithuania	100	Asset management services
BUSNEX UAB, Republic of Lithuania	100	Electronic vehicles distribution
SEVEN Live UAB, Republic of Lithuania	100	Entertainment services

13. Approval of financial statements

The Board of Directors approved the Company Financial Statements in respect of the year ended 31 December 2023 on 8 April 2024.