AVIA SOLUTIONS GROUP PLC

Independent Auditor’s Report,
Consolidated Financial Statements,
Consolidated Management Report
For the Year Ended 31 December 2020

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BOARD OF DIRECTORS AND OTHER OFFICERS

Board of Directors:

Gediminas Žiemelis (appointed on 12 July 2019)
Jonas Janukėnas (appointed on 28 February 2018)
Žilvinas Lapinskas (appointed on 12 July 2019)
Linas Dovydėnas (appointed on 12 July 2019)
Vygaudas Ušackas (appointed on 16 September 2019)

Company Secretary:

Fidema Services (appointed on 28 February 2018)

Registered office:

117 Arc. Makarios Avenue III
Floor 5, Flat 505
3021, Limassol
Cyprus

Registration number:

HE380586

Independent Auditor's Report

To the Members of Avia Solutions Group PLC

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Avia Solutions Group PLC (the "Company"), and its subsidiaries (the "Group"), which are presented on pages 6 to 124 and comprise the consolidated balance sheet as at 31 December 2020, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the A*uditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the *International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code)* together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Cyprus, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the consolidated management report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. 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 in this regard.

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Responsibilities of the Board of Directors for the Consolidated Financial Statements

The Board of Directors is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group'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 Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 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 consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal Requirements

Pursuant to the additional requirements of the Auditors Law of 2017, we report the following:

- In our opinion, the consolidated management report has been prepared in accordance with the requirements of the Cyprus Companies Law, Cap. 113, and the information given is consistent with the consolidated financial statements.

- In our opinion, and in the light of the knowledge and understanding of the Group and its environment obtained in the course of the audit, we have not identified material misstatements in the consolidated management report.

Other Matter

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 69 of the Auditors Law of 2017 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

N. A. Theodoulou

Nicos A. Theodoulou
Certified Public Accountant and Registered Auditor
for and on behalf of

PricewaterhouseCoopers Limited
Certified Public Accountants and Registered Auditors

Nicosia, 14 May 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Year ended 31 December 2020	2019
Revenue	5	**695 672**	**607 300**
Other income	5, 6	13 218	879
Cost of services and goods	5, 10	(418 367)	(412 602)
Depreciation and amortisation	5, 8, 16, 17	(99 205)	(34 732)
Employee related expenses	5, 7	(145 734)	(96 702)
Other operating expenses	5, 11	(46 596)	(34 741)
Impairment losses of financial assets	5, 14	(21 900)	(1 389)
Other impairment-related expenses	5, 14	(7 344)	(3 536)
Other gain/(loss) - net	5, 9	12 021	1 290
Operating (loss) profit	5	**(18 235)**	**25 767**
Finance income	12	12 271	3 050
Finance costs	12	(38 655)	(9 948)
Finance costs – net	12	**(26 384)**	**(6 898)**
Share of profit of equity-accounted investees, net of tax	18	(1 190)	(1 027)
(Loss) profit before income tax		**(45 809)**	**17 842**
Income tax	13	(5 796)	(5 712)
(Loss) Profit) for the year		**(51 605)**	**12 130**
(Loss) Profit attributable to:			
Equity holders of the parent		(59 800)	11 287
Non-controlling interests	26	8 195	843
		(51 605)	**12 130**
Other comprehensive income			
Net profit (loss) gain on cash flow hedges		2 126	(567)
Income tax effect		(198)	133
		1 928	**(434)**
Exchange differences on translation of foreign operations		(19 441)	(2 896)
Other comprehensive (loss) income for the year		**(17 513)**	**(3 330)**
Total comprehensive (loss) income for the year attributable to:			
Equity holders of the parent		(76 921)	8 107
Non-controlling interests		7 803	693
Total comprehensive (loss) income		**(69 118)**	**8 800**
Basic and diluted earnings per share	15	**(0.773)**	**0.475**

Consolidated Financial Statements have been approved and signed on 14 May 2021:

Managing Director
Jonas Janukėnas

Director
Vygaudas Ušackas

Chief Financial Officer
Robertas Čipkus

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

CONSOLIDATED BALANCE SHEET

	Notes	Year ended 31 December 2020	2019
ASSETS			
Non-current assets			
Property, plant and equipment	16	352 931	363 286
Investment property	16	10 132	11 842
Intangible assets	17	102 777	74 412
Investments accounted for using the equity method	18	43 680	47 034
Deferred tax assets	30	17 161	9 615
Financial assets at fair value through profit or loss	2	1 231	-
Non-current derivative financial instruments	36	3 563	3 672
Long-term bank deposits		1 226	983
Non-current trade and other receivables	21	42 091	40 319
		574 792	**551 163**
Current assets			
Inventories	20	38 976	95 847
Trade and other receivables	21	116 824	142 850
Derivative financial instruments	36	-	377
Contract assets	22	10 128	7 376
Prepaid income tax		1 699	1 156
Short-term bank deposit		25 519	84 011
Cash and cash equivalents	3.1, 23	178 352	217 252
		371 498	**548 869**
Total assets	5	**946 290**	**1 100 032**

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

CONSOLIDATED BALANCE SHEET (CONTINUED)

	Notes	Year ended 31 December 2020	2019
EQUITY			
Equity attributable to the Group's equity shareholders			
Share capital	24	22 556	22 556
Share premium	24	282 158	282 158
Other reserves	35	331	60
Treasury shares	24	(1 165)	(1 010)
Merger reserve	25	(456)	(456)
Fair value reserve	36	1 496	(432)
Cumulative translation differences		(22 005)	(2 956)
Retained earnings		(11 970)	41 122
Equity attributable to equity holders of the parent		**270 945**	**341 042**
Non-controlling interests	26	2 425	4 980
Total equity		**273 370**	**346 022**
LIABILITIES			
Non-current liabilities			
Lease liabilities	27	115 846	161 201
Borrowings	27	235 195	270 317
Government grants	19	535	773
Security deposits received	29	505	1 097
Trade and other payables	28	2 450	4 600
Deferred income tax liabilities	30	18 275	14 434
Derivative financial instruments	36	12 453	4 686
		385 259	**457 108**
Current liabilities			
Trade and other payables	28	164 928	121 769
Lease liabilities	27	49 978	75 992
Borrowings	27	5 565	6 817
Contract liabilities	5	33 360	66 098
Security deposits received	29	3 914	7 123
Current income tax liabilities		29 779	19 103
Derivative financial instruments	36	137	-
		287 661	**296 902**
Total liabilities	5	**672 920**	**754 010**
Total equity and liabilities		**946 290**	**1 100 032**

Consolidated Financial Statements have been approved and signed on 14 May 2021:

Managing Director
Jonas Janukėnas

Director
Vygaudas Ušackas

Chief Financial Officer
Robertas Čipkus

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 2019	**2 256**	**33 133**	**-**	**(457)**	**237**	**2**	**(210)**	**29 670**	**64 631**	**(662)**	**63 969**
Comprehensive income											
Net gain on cash flow hedge (Note 2.20)	-	-	-	-	-	(434)	-	-	**(434)**	-	**(434)**
Currency translation difference from continuing operations	-	-	-	-	-	-	(2 746)	-	**(2 746)**	(150)	**(2 896)**
Profit (loss) for the period	-	-	-	-	-	-	-	11 287	**11 287**	843	**12 130**
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**(434)**	**(2 746)**	**11 287**	**8 107**	**693**	**8 800**
Transactions with owners											
Reorganization adjustments	-	-	-	1	(237)	-	-	237	**1**	-	**1**
Allocation to other reserves	-	-	-	-	60	-	-	-	**60**	-	**60**
Acquisition of treasury shares through acquired subsidiary	-	-	(1 010)	-	-	-	-	-	**(1 010)**	-	**(1 010)**
Share issue related to purchase of subsidiary (Note 33)	20 300	249 025	-	-	-	-	-	-	**269 325**	-	**269 325**
Purchase of subsidiary (Note 33)	-	-	-	-	-	-	-	-	**-**	4 881	**4 881**
Increase of shareholding in subsidiary (Note 33)	-	-	-	-	-	-	-	(72)	**(72)**	68	**(4)**
Total transactions with owners	**20 300**	**249 025**	**(1 010)**	**1**	**(177)**	**-**	**-**	**165**	**268 304**	**4 949**	**273 253**
Balance at 31 December 2019	**22 556**	**282 158**	**(1 010)**	**(456)**	**60**	**(432)**	**(2 956)**	**41 122**	**341 042**	**4 980**	**346 022**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

	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-controlling interests	Total equity
Balance at 1 January 2020	**22 556**	**282 158**	**(1 010)**	**(456)**	**60**	**(432)**	**(2 956)**	**41 122**	**341 042**	**4 980**	**346 022**
Comprehensive income											
Net gain on cash flow hedge (Note 2.20)	-	-	-	-	-	1 928	-	-	**1 928**	-	**1 928**
Currency translation difference from continuing operations	-	-	-	-	-	-	(19 049)	-	**(19 049)**	(392)	**(19 441)**
Profit (loss) for the period	-	-	-	-	-	-	-	(59 800)	**(59 800)**	8 195	**(51 605)**
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**1 928**	**(19 049)**	**(59 800)**	**(76 921)**	**7 803**	**(69 118)**
Transactions with owners											
Dividend paid	-	-	-	-	-	-	-	-	**-**	(675)	**(675)**
Allocation to share-based payment reserves	-	-	-	-	271	-	-	-	**271**	-	**271**
Acquisition of treasury shares through acquired subsidiary	-	-	(155)	-	-	-	-	-	**(155)**	-	**(155)**
Sale of interest subsidiary (Note 33)	-	-	-	-	-	-	-	-	**-**	(70)	**(70)**
Increase of shareholding in subsidiary (Note 33)	-	-	-	-	-	-	-	6 708	**6 708**	(9 613)	**(2 905)**
Total transactions with owners	**-**	**-**	**(155)**	**-**	**271**	**-**	**-**	**6 708**	**6 824**	**(10 358)**	**(3 534)**
Balance at 31 December 2020	**22 556**	**282 158**	**(1 165)**	**(456)**	**331**	**1 496**	**(22 005)**	**(11 970)**	**270 945**	**2 425**	**273 370**

Consolidated Financial Statements have been approved and signed on 14 May 2021:

Managing Director
Jonas Janukėnas

Director
Vygaudas Ušackas

Chief Financial Officer
Robertas Čipkus

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	Year ended 31 December 2020	2019
Operating activities			
(Loss) Profit for the year		(51 605)	12 130
Income tax expense	13	5 796	5 712
Adjustments for:			
Depreciation and amortisation	5, 8, 16, 17	99 205	34 732
Impairment-related expenses	5, 14	29 244	4 925
Interest expenses	12	38 784	8 969
Currency translation differences		(15 434)	(2 354)
Discounting effect on financial assets		(812)	290
Fair value gains		(660)	(3)
Changes in other reserves		271	60
(Profit)/loss of PPE disposals and PPE write-offs		588	(879)
(Profit (loss) of other investment disposals		2 832	-
(Profit) loss from bonds repurchase	12	(6 073)	-
(Profit) / loss on termination/modification of lease agreements	9	(13 896)	-
(Gain) of subsidiaries disposal	33, 9	(3 829)	-
Amortisation of government grants	2.20, 6, 19	(238)	(243)
Interest income	6	(3 133)	(552)
Share of loss of associates		1 190	1 027
Changes in operating assets and liabilities:			
- Inventories		58 453	(24 084)
- Trade and other receivables, contract assets		15 818	(1 533)
- Security deposits placed		(40)	(6 119)
- Accrued expenses for certain contracts		(255)	6 241
- Trade and other payables, advances received/contract liabilities		(25 283)	10 783
- Security deposits received		1 965	1 345
Cash generated from (used in) operating activities		**132 888**	**50 447**
Interest received		952	2
Interest paid		(29 584)	(7 718)
Income tax paid		(6 885)	(3 536)
Net cash generated from (used in) operating activities		**97 371**	**39 195**

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

		Year ended 31 December	
	Notes	**2020**	**2019**
Investing activities			
Purchase of PPE and intangible assets		(93 132)	(39 674)
Proceeds from PPE and intangible assets disposal		9 145	3 422
Payments for financial assets at amortised cost		(23 568)	-
Purchase of other investment		(570)	-
Sales of other investment		2 117	-
Loans granted		(4 733)	(2 729)
Repayments of loans granted		182	312
Bank deposits placed		(363 039)	(84 994)
Repayments of bank deposits placed		418 311	
Purchase of subsidiaries (net of cash acquired)	33	(21 351)	83 741
Sales of subsidiaries (net of cash disposed)	33	(5 951)	-
Investment into joint venture	18	(1 658)	(1 430)
Net cash (from) used in investing activities		**(84 247)**	**(41 352)**
Financing activities			
Dividends paid		(675)	-
Acquisition of interest in a subsidiary (no change in control)	33	(2 905)	(4)
Bank borrowings received	27	8 658	5 728
Repayments of bank borrowings	27	(842)	(9 493)
Borrowings from related parties received	27	-	7 699
Repayments of borrowings from related parties	27	-	(6 634)
Other borrowings received		1 878	-
Repayments of other borrowings		(96)	-
Proceeds received from bonds issue	27	-	264 457
Repurchase of bonds	27	(15 578)	-
Repayments of lease liabilities	27	(37 801)	(30 873)
Net cash from/(used in) financing activities		**(47 361)**	**230 880**
(Decrease)/Increase in cash and cash equivalents		**(34 237)**	**228 723**
At beginning of year	23	212 089	(16 634)
At end of year	23	**177 852**	**212 089**

The notes on pages 13 to 124 form an integral part of these financial statements.

Consolidated Financial Statements have been approved and signed on 14 May 2021:

Managing Director
Jonas Janukėnas

Director
Vygaudas Ušackas

Chief Financial Officer
Robertas Čipkus

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 General information

The Company Avia Solutions Group PLC (referred to as the Company) was incorporated in Cyprus on 28 February 2018 (registration number – HE380586) as a private limited liability company under the provisions of the Cyprus Companies Law, Cap. 113. Its registered office is at 28 Oktovriou, 1, ENGOMI BUSINESS CENTER BLC E, Flat 111, Egkomi 2414, Nicosia, Cyprus.

Until July 2019 99,98% of the Company's share capital was owned by Avia Solutions Group AB, which was a public limited liability company incorporated at State Enterprise Centre of Registers of the Republic of Lithuania as at 31 August 2010 (Company code – 302541648). The Company was domiciled in Vilnius, the capital of Lithuania. The address of its registered office was as follows: Smolensko St. 10, LT-03201, Vilnius.

In July 2019 Avia Solutions Group AB was dissolved without going into liquidation and was deregistered from the Register of Legal Entities of the Republic of Lithuania. On 9 July 2019 Avia Solutions Group PLC registered a permanent establishment of a foreign legal entity in Lithuania (identification number (code): 9001538174, VAT code: LT100012497310), which after the merger is operating in the territory of the Republic of Lithuania.

On 28 March 2019, the Board of Avia Solutions Group AB, implementing the decisions of the general meeting of shareholders of the Company, dated 28 December 2018, regarding the participation in the cross-border merger has prepared the merger terms of the Company and AVIA SOLUTIONS GROUP (CY) PLC. As of 16 July 2019, in accordance with these common cross-border merger terms, all Avia Solutions Group AB assets, rights and liabilities were taken over by Avia Solutions Group PLC that continues its activities thereafter and as of 16 July 2019 Avia Solutions Group AB assets and liabilities, rights and obligations under the transactions, are included in the accounting records of Avia Solutions Group PLC.

The Board of Directors is a collegial management body of the Company consisting of five 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 Žiemelis;
- Jonas Janukėnas;
- Žilvinas Lapinskas;
- Linas Dovydėnas;
- Vygaudas Ušackas.

All of them were members of the Board throughout the year 2020.

Companies of the Group operate in the following activity areas: aviation supporting services, aviation logistics and distribution services, aircraft trading and portfolio management and unallocated (holding, financing activities and other with aviation not related activities).

The number of full-time staffs employed by the Group at the end of 2020 amounted to 3 983 (2019: 3 467).

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

1 General information (continued)

The shareholders' structure of the Company as at 31 December 2020 was as follows:

	2020		2019	
	Number of shares	**Percentage owned**	**Number of shares**	**Percentage owned**
FZE PROCYONE	39 179 969	50,37%	39 199 969	50,40%
VERTAS AIRCRAFT LEASING LIMITED	17 078 622	21,96%	15 706 725	20,19%
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	872 663	1,12%	872 663	1,12%
Aurimas Sanikovas (the Member of the Board until 14 July 2019, CFO)	529 210	0,68%	529 210	0,68%
Linas Dovydėnas (the Member of the Board of Directors)	322 478	0,41%	322 478	0,41%
Žilvinas Lapinskas (the Member of the Board of Directors)	312 480	0,40%	312 480	0,40%
Jonas Janukėnas (the Member of the Board of Directors, CEO)	174 535	0,22%	174 535	0,22%
Vygaudas Ušackas (the Member of the Board of Directors)	65 000	0,08%	65 000	0,08%
Other Shareholders	5 046 213	6,49%	6 398 110	8,23%
Total issued	**77 777 777**	**100.00%**	**77 777 777**	**100.00%**
Treasury shares	370 014	0,48%	270 014	0,35%
Total	**77 407 763**		**77 507 763**	

Since February 2019, the ultimate controlling party of the Group is Gediminas Žiemelis. Before February 2019, there was no ultimate controlling party, just entities having significant influence. There was no change in the ultimate controlling party during 2020.

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

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

1 General information (continued)

The Group's companies	Country of establishment	Operating segment	Share of equity, % 31-12-2020	31-12-2019	Date of acquiring/establishment and activity
ASG Finance Designated Activity Company	Ireland	Unallocated	100	100	The subsidiary was established on 16 September 2019. The company provides financing activities to subsidiaries of the Group.
AviationCV.com UAB	Republic of Lithuania	Aviation Supporting Services	100	100	The subsidiary was established on 13 April 2011. The company provides aviation personnel solutions.
UAB AeroClass	Republic of Lithuania	Aviation Supporting Services	100	-	The subsidiary was established on 15 September 2020. The company is planning to provide aviation training services.
BAA Training UAB	Republic of Lithuania	Aviation Supporting Services	100	100	The Group company was established on 22 November 2006. The company provides aircraft crew training services.
BAA Simulators 2 UAB	Republic of Lithuania	Aviation Supporting Services	100	100	The subsidiary was established on 8 January 2018. The company provides lease of full flight simulators.
BAA Training Vietnam LLC	Socialist Republic of Vietnam	Aviation Supporting Services	100	100	The subsidiary was established on 02 February 2018. The company provides lease of full flight simulators.
ASG Asset Management UAB	Republic of Lithuania	Aviation Supporting Services	100	100	The subsidiary was established on 21 May 2019. The company is providing property management services.
DG21 UAB	Republic of Lithuania	Unallocated (previously Aviation Supporting Services)	100	100	The subsidiary was acquired on 3 April 2019. Company is engaged in the business of real estate management and operations of Loop hotel.
Tiketa UAB	Republic of Lithuania	Unallocated	100	-	The subsidiary of DG21 UAB was acquired on 16 November 2020. The Company is engaged in the business of organizing concerts and shows, distributing tickets and providing rental services for sports and events.
Universali arena UAB	Republic of Lithuania	Unallocated	99.99	-	The subsidiary of DG21 UAB was acquired on 16 November 2020. The Company is engaged in the business of organizing concerts and shows, distributing tickets and providing rental services for sports and events.
Panevėžio arena UAB	Republic of Lithuania	Unallocated	100	-	The subsidiary of DG21 UAB was acquired on 16 November 2020. The Company is engaged in the business of organizing concerts and shows, distributing tickets and providing rental services for sports and events.
SEVEN Live UAB	Republic of Lithuania	Unallocated	100	-	The subsidiary of DG21 UAB was acquired on 16 November 2020. The Company is engaged in the business of organizing concerts and distributing tickets and providing rental services for sports and events.

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

1 General information (continued)

The Group's companies	Country of establishment	Operating segment	Share of equity, % 31-12-2020	31-12-2019	Date of acquiring/establishment and activity
SIA Rezidence Kapteini	Republic of Latvia	Unallocated (previously Aviation Supporting Services)	100	100	The subsidiary of DG21 UAB was acquired on 3 April 2019. Company is engaged in the business of real estate management.
Helisota UAB	Republic of Lithuania	Aviation Supporting Services	100	100	The subsidiary was acquired on 16 December 2013. The company provides maintenance, repair and overhaul services for helicopters.
Kauno aviacijos gamykla UAB	Republic of Lithuania	Aviation Supporting Services	100	100	The subsidiary was acquired on 16 December 2013. It is a direct subsidiary of BAA Training UAB. The subsidiary provides real estate management services.
Jet Maintenance Solutions UAB	Republic of Lithuania	Aviation Supporting Services	100	100	The subsidiary was acquired on 1 December 2010. The company provides maintenance services for business aircraft.
JetMS Regional UAB	Republic of Lithuania	Aviation Supporting Services	100	-	The subsidiary was established on 7 July 2020. The company is planning to provide maintenance and related services for regional aviation aircraft.
KlasJet UAB	Republic of Lithuania	Aviation Logistics and Distribution Services	100	100	The subsidiary was established on 9 October 2013. The subsidiary has started business charter activity in summer 2014. From April 2017 it is a direct subsidiary of Jet Maintenance Solutions UAB.
Tiketa Tour UAB (previously KIDY Tour UAB)	Republic of Lithuania	Aviation Logistics and Distribution Services	100	100	The subsidiary was established on 3 December 2015. The company provides tour operator services.
Tiketa Tour (previously KIDY Tour OÜ)	Republic of Estonia	Aviation Logistics and Distribution Services	100	100	The subsidiary was acquired on 16 September 2016. The company provides tour operator services.
KIDY Tour OOO	Russian Federation	Aviation Logistics and Distribution Services	100	100	The subsidiary was established on 6 March 2017. The company does not conduct active operations.
KIDY Tour SIA	Republic of Latvia	Aviation Logistics and Distribution Services	100	100	The subsidiary was established on 9 October 2017. The company does not conduct active operations.
Locatory.com UAB	Republic of Lithuania	Aviation Supporting Services	99	99	The subsidiary was established on 7 December 2010. Starting summer 2012, the company is acting as an aircraft parts locator and offers innovative IT solution for MRO business segment.
BGS ADR SIA (previously: Sky Knights SIA)	Republic of Latvia	Private Jet Charter, Flight, Tour Operations and Hospitality services	100	100	The subsidiary was established on 22 January 2019. Company provides fuel logistic services.
Baltic Ground Services UAB	Republic of Lithuania	Aviation Supporting Services	100	100	The subsidiary was acquired on 31 October 2008. The company provides aircraft ground handling and fuelling services in Lithuania.

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

1 General information (continued)

The Group's companies	Country of establishment	Operating segment	Share of equity, % 31-12-2020	31-12-2019	Date of acquiring/establishment and activity
Baltic Ground Services Sp. z.o.o.	Republic of Poland	Aviation Supporting Services	-	100	The subsidiary was established in spring of 2010. On 2 June 2020 the Company was sold to third parties.
BGS Rail Lease LLC	Ukraine	Unallocated	100	100	The subsidiary was established on 3 July 2017. From 10 July 2019 it is the subsidiary of BGS Rail Holdings UAB. The company provides semi wagon lease services.
Baltic Ground Services DE GmbH	Federal Republic of Germany	Aviation Supporting Services	100	100	The subsidiary was established on 11 January 2018. The company is providing fuel logistic services.
Baltic Ground Services HR d.o.o.	Republic of Croatia	Aviation Supporting Services	100	100	The subsidiary was acquired on 16 December 2019. The company is planning to provide aircraft ground handling services.
BGS Rail Holdings UAB	Republic of Lithuania	Unallocated (previously Aviation Supporting Services)	100	99.99	The subsidiary was established on 24 October 2017. The company is acting as a holding company for subsidiary BGS Rail LLC.
BGS Trading (previously Aviatehniks TOV)	Ukraine	Unallocated (previously Aviation Supporting Services)	100	-	The subsidiary was acquired on 30 March 2020. The company is planning to provide trading operations.
BGS Rail LLC	Ukraine	Unallocated (previously Aviation Supporting Services)	100	100	The subsidiary was acquired on 13 June 2018. The company provides wagon lease services.
RE Invest LLC	Ukraine	Aviation Supporting Services	100	-	The subsidiary was established on 21 December 2020. It is a direct subsidiary of BGS Rail LLC. The company will engage in construction of hangar for aircrafts.
Baltic Ground Services UA TOV	Ukraine	Unallocated (previously Aviation Supporting Services)	100	50	The subsidiary was established in summer of 2011. On 29 September 2015, 50% of share capital was sold to a third party. The subsidiary provides fuelling services in Ukraine. The Group has a control over an investee due to right to nominate the management of the company.
Baltic Ground Services RU OOO	Russian Federation	Aviation Supporting Services	100	100	The subsidiary was established on 23 March 2015. It is a direct subsidiary of Baltic Ground Services UAB. The company provides aircraft ground handling, fuelling and transportation services in Russia.
Baltic Ground Services EE OÜ	Republic of Estonia	Aviation Supporting Services	100	100	The subsidiary was established on 31 July 2015. It is a direct subsidiary of Baltic Ground Services UAB. The company provides fuelling services in Estonia.
Baltic Ground Services LV SIA	Republic of Latvia	Aviation Supporting Services	51	51	The subsidiary was acquired on 1 October 2015. It is a direct subsidiary of Baltic Ground Services UAB. The company provides fuelling services in Latvia.

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

1 General information (continued)

The Group's companies	Country of establishment	Operating segment	Share of equity, % 31-12-2020	31-12-2019	Date of acquiring/establishment and activity
Baltic Ground Services CZ s.r.o.	Czech Republic	Aviation Supporting Services	100	100	The subsidiary was established on 18 December 2015. It is a direct subsidiary of Baltic Ground Services UAB. The company is providing fuelling services in Czech Republic.
Avia Technics Dirgantara PT.	Republic of Indonesia	Aviation Supporting Services	67	67	An investee of FL Technics UAB was established on 5 August 2014. The company provides line and base maintenance services in Jakarta.
FL Technics Asia Co. Ltd.	Kingdom of Thailand	Aviation Supporting Services	99.997	99.997	The subsidiary was established on 4 January 2016. It is a direct subsidiary of FL Technics UAB. The subsidiary is planning to provide aircraft maintenance services in Thailand.
FL Technics GmbH	Republic of Austria	Aviation Supporting Services	100	100	The subsidiary was established on 15 December 2018. The subsidiary provides aircraft maintenance services in Austria.
FL Technics Ukraine MRO LLC	Ukraine	Aviation Supporting Services	100	-	The subsidiary was established on 21 December 2020. It is a direct subsidiary of FL Technics UAB. The subsidiary is planning to provide aircraft maintenance services in Ukraine.
FL Technics S.R.L.	Romania	Aviation Supporting Services	100	-	The subsidiary was established on 1 July 2020. It is a direct subsidiary of FL Technics UAB. The company is planning to provide repairs of fabricated metal products, machinery and equipment.
FL Technics Ukraine TOV	Ukraine	Aviation Supporting Services	100	100	The subsidiary was established on 17 April 2019. It is a direct subsidiary of FL Technics UAB.
FL Technics Georgia LLC	Georgia	Aviation Supporting Services	100	100	The subsidiary was established on 26 November 2019. It is a direct subsidiary of FL Technics UAB. The company provides aircraft line station services.
FL Technics Engine Services UAB	Republic of Lithuania	Aviation Supporting Services	100	100	The subsidiary was established on 23 April 2019. It is a direct subsidiary of FL Technics UAB. The subsidiary is planning to provide engine and other maintenance services.
FL Technics Ireland Ltd.	Republic of Ireland	Aviation Supporting Services	100	100	The subsidiary was established on 1 February 2019. The subsidiary is planning to provide engine and other maintenance services.
FL Technics Line Maintenance Canada Inc.	Canada	Aviation Supporting Services	100	-	The subsidiary was established on 17 November 2020. It is a direct subsidiary of FL Technics UAB.

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

1 General information (continued)

The Group's companies	Country of establishment	Operating segment	Share of equity, % 31-12-2020	31-12-2019	Date of acquiring/establishment and activity
FL Technics UAB	Republic of Lithuania	Aviation Supporting Services	100	100	The subsidiary was established on 22 December 2005. The company provides aircraft maintenance, repair and overhaul (MRO) services.
FL Technics Hong Kong Limited	Hong Kong	Aviation Supporting Services	100	100	The subsidiary was established on 27 September 2018. The subsidiary does not conduct active operations.
FL Technics Line OOO	Russian Federation	Aviation Supporting Services	93	93	The subsidiary was established in summer of 2011. It is a direct subsidiary of FL Technics UAB.
"FLM" Flash Line maintenance S.r.l.	Italy	Aviation Supporting Services	100	-	The subsidiary was acquired on 19 February 2020. It is a direct subsidiary of FL Technics UAB. The subsidiary provides aircraft line station services.
Wright International Holding Inc.	Canada	Aviation Supporting Services	100	-	The subsidiary was acquired on 17 November 2020. It is a direct subsidiary of FL Technics Line Maintenance Canada Inc.
Storm Aviation Ltd.	The United Kingdom	Aviation Supporting Services	100	100	The subsidiary was acquired on 31 December 2011. It is a direct subsidiary of FL Technics UAB. The company provides aircraft line station services.
Wright International Aircraft Maintenance Services Inc.	Canada	Aviation Supporting Services	100	-	The subsidiary was acquired on 17 November 2020. It is a direct subsidiary of Wright International Holding Inc. The subsidiary provides aircraft maintenance services.
Storm Aviation (Cyprus) Ltd.	Republic of Cyprus	Aviation Supporting Services	100	100	The subsidiary was acquired on 31 December 2011. It is a direct subsidiary of Storm Aviation Ltd. The company provides aircraft line station services in Cyprus.
Storm Aviation (Nigeria) Ltd.	Federal Republic of Nigeria	Aviation Supporting Services	100	100	The subsidiary was established on 26 August 2016. It is a direct subsidiary of Storm Aviation Ltd. The company provides aircraft line station services in Nigeria.
Storm Aviation (Germany) GmbH	Federal Republic of Germany	Aviation Supporting Services	100	100	The subsidiary was established on 29 March 2017. It is a direct subsidiary of Storm Aviation Ltd. The company provides aircraft line station services in Germany.
BSTS & Storm Aviation Limited	Republic of Bangladesh	Joint venture	49	49	The company was established as at 30 September 2018 and is providing aircraft maintenance services in Bangladesh.
FL ARI Aircraft Maintenance & Engineering Company CO. LTD	Republic of China	Joint venture	40	40	The company was established as at 18 December 2018 and is providing aircraft maintenance services in China.

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

1 General information (continued)

The Group's companies	Country of establishment	Operating segment	Share of equity, % 31-12-2020	31-12-2019	Date of acquiring/establishment and activity
BAA Training China Co., Ltd	Republic of China	Joint venture	50	50	The company was established as at 21 October 2019. The company will provide training services and lease of full flight simulators.
Avia AM Leasing AB	Republic of Lithuania	Aircraft Trading and Portfolio Management	98.84	98.84	77,26% of the share capital in the subsidiary was acquired on 2 October 2019. The additional 8,44% and 13,14% of the share capital in Avia AM Leasing AB were acquired on 15 October 2019 and 4 December 2019. The company is acting as a holding company. The subsidiaries of Avia AM Leasing AB are engaged in the business of aircraft leasing, trading and management.
Avia AM B01 UAB	Republic of Lithuania	Aircraft Trading and Portfolio Management	100	100	The subsidiary was acquired on 2 October 2019. It is a direct subsidiary of Avia AM Leasing AB.
Avia AM B02 UAB	Republic of Lithuania	Aircraft Trading and Portfolio Management	100	100	The subsidiary was acquired on 2 October 2019. It is a direct subsidiary of Avia AM Leasing AB.
Avia AM B04 UAB	Republic of Lithuania	Aircraft Trading and Portfolio Management	100	100	The subsidiary was acquired on 2 October 2019. It is a direct subsidiary of Avia AM Leasing AB.
Avia AM B05 UAB	Republic of Lithuania	Aircraft Trading and Portfolio Management	100	100	The subsidiary was acquired on 2 October 2019. It is a direct subsidiary of Avia AM Leasing AB.
Avia AM B06 UAB	Republic of Lithuania	Aircraft Trading and Portfolio Management	100	100	The subsidiary was acquired on 2 October 2019. It is a direct subsidiary of Avia AM Leasing AB.
BUSNEX UAB	Republic of Lithuania	Unallocated (previously Aircraft Trading and Portfolio Management)	100	100	The subsidiary was acquired on 2 October 2019 Until 15 July 2020 it was a direct subsidiary of Avia AM Leasing AB. From 15 July 2020 it is direct subsidiary of Avia Solutions Group PLC.
DG AVIA UAB	Republic of Lithuania	Aircraft Trading and Portfolio Management	100	100	The subsidiary was acquired on 2 October 2019. It is a direct subsidiary of Avia AM Leasing AB.
Sniego takas UAB	Republic of Lithuania	Aircraft Trading and Portfolio Management	100	100	The subsidiary was acquired on 2 October 2019. It is a direct subsidiary of Avia AM Leasing AB.
Dariaus ir Gireno 20 UAB	Republic of Lithuania	Aircraft Trading and Portfolio Management	100	100	The subsidiary was acquired on 2 October 2019. It is a direct subsidiary of Sniego Takas UAB.
Avia AM B10 Ltd	Republic of Ireland	Aircraft Trading and Portfolio Management	100	100	The subsidiary was acquired on 2 October 2019. It is a direct subsidiary of Avia AM Leasing AB.
Avia AM Leasing PLC	Republic of Cyprus	Aircraft Trading and Portfolio Management	100	100	The subsidiary was acquired on 2 October 2019. It is a direct subsidiary of Avia AM Leasing AB.

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

1 General information (continued)

The Group's companies	Country of establishment	Operating segment	Share of equity, % 31-12-2020	Share of equity, % 31-12-2019	Date of acquiring/establishment and activity
AAL Capital Aircraft Holdings Ltd	Republic of Cyprus	Aircraft Trading and Portfolio Management	100	100	The subsidiary was acquired on 2 October 2019. It is a direct subsidiary of Avia AM Leasing AB.
Avia AM B08 Ltd	Republic of Bermuda	Aircraft Trading and Portfolio Management	100	100	The subsidiary was acquired on 2 October 2019. It is a direct subsidiary of AAL Capital Aircraft Holdings Ltd.
Avia AM B09 Ltd	Republic of Bermuda	Aircraft Trading and Portfolio Management	-	100	The subsidiary was acquired on 2 October 2019. It is a direct subsidiary of AAAL Capital Aircraft Holdings Ltd. On 23 June 2020 the company was merged to Avia Ultima Limited.
Ice Aircraft Management Ltd	Republic of Bermuda	Aircraft Trading and Portfolio Management	-	100	The subsidiary was acquired on 2 October 2019. Until 23 June 2020 it was a direct subsidiary of AAL Capital Aircraft Holdings Ltd. On 23 June 2020 the company was merged to Avia Ultima Limited.
Boulevard Two Aircraft Ltd	Republic of Ireland	Aircraft Trading and Portfolio Management	100	100	The subsidiary was acquired on 2 October 2019. It is a direct subsidiary of AAAL Capital Aircraft Holdings Ltd.
Dikkys Investments Ltd	Republic of Cyprus	Aircraft Trading and Portfolio Management	100	100	The subsidiary was acquired on 2 October 2019. It is a direct subsidiary of AAAL Capital Aircraft Holdings Ltd.
Avia AM B11 Ltd	Republic of Ireland	Aircraft Trading and Portfolio Management	100	100	The subsidiary was acquired on 2 October 2019. It is a direct subsidiary of AAAL Capital Aircraft Holdings Ltd.
Avia AM Leasing Bermuda Ltd	Republic of Bermuda	Aircraft Trading and Portfolio Management	-	100	The subsidiary was acquired on 2 October 2019. Until 23 June 2020 it was a direct subsidiary of AAL Capital Aircraft Holdings Ltd. On 23 June 2020 the company was merged to Avia Ultima Limited.
Regional Charter Capital Ltd	Republic of Bermuda	Aircraft Trading and Portfolio Management	-	100	The subsidiary was acquired on 2 October 2019. It was a direct subsidiary of Avia AM Leasing Bermuda Ltd. On 23 June 2020 the company was merged to Avia Ultima Limited.
Golden Jet Aviation Trading Ltd	Republic of Bermuda	Aircraft Trading and Portfolio Management	-	100	The subsidiary was acquired on 2 October 2019. It is a direct subsidiary of Avia AM Leasing Bermuda Ltd. On 23 June 2020 the company was merged to Avia Ultima Limited.
Skyroad Leasing UAB	Republic of Lithuania	Aircraft Trading and Portfolio Management	100	100	The subsidiary was acquired on 2 October 2019. It is a direct subsidiary of AAAL Capital Aircraft Holdings Ltd.
BUSNEX POLAND Sp. z o.o.	Republic of Poland	Unallocated	100	100	The subsidiary was acquired on 2 October 2019. It is a direct subsidiary of BUSNEX UAB. The principal activity is import and sale of electric transport vehicles.

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

1 General information (continued)

The Group's companies	Country of establishment	Operating segment	Share of equity, % 31-12-2020	31-12-2019	Date of acquiring/establishment and activity
Avia Ultima Limited	Republic of Bermuda	Aircraft Trading and Portfolio Management	100	-	The subsidiary was established on 17 June 2020. It is a direct subsidiary of AAL Capital Aircraft Holdings Ltd.
Avia AM Financial Leasing China Co. Ltd.	Republic of China	Joint venture	51	51	The company was acquired on 2 October 2019. The Joint venture company is not consolidated as the Group does not control Avia AM Financial Leasing China Co., Ltd. The principal activity of the joint venture is to provide comprehensive services across the field of aircraft acquisition, lease and sale.
Eyjafoll SAS	France	Aviation Logistics and Distribution Services	100	100	The subsidiary was acquired on 10 October 2019. The company is acting as a holding company which controls 100 % of the share capital in Avion Express UAB and 100% of the share capital in Avion Malta. The subsidiaries of Eyjafoll SAS provide logistics services and acts as intermediary in leasing-in and leasing-out the aircraft capacity to non-airline or airline customer.
Avion Express UAB	Republic of Lithuania	Aviation Logistics and Distribution Services	100	100	The subsidiary was acquired on 10 October 2019. It is a direct subsidiary of Eyjafoll SAS.
Avion Express Malta Ltd	Republic of Malta	Aviation Logistics and Distribution Services	100	100	The subsidiary was acquired on 10 October 2019. It is a direct subsidiary of Eyjafoll SAS.
Avion Express GmbH	Germany	Aviation Logistics and Distribution Service	100	-	The subsidiary was established on 22 June 2020. It is a direct subsidiary of Avion Express UAB
Chapman Freeborn Holdings Limited	The United Kingdom	Aviation Logistics and Distribution Services	100	100	The subsidiary was acquired on 11 October 2019. The company is acting as a holding company. The subsidiaries of Chapman Freeborn Holdings Limited provide a wide range of aircraft charter and leasing services to cargo, passenger and VIP charter clients across a broad spectrum of industries.
Alltrans Management PTY Ltd	Australia	Aviation Logistics and Distribution Services	100	100	The subsidiary was acquired on 11 October 2019. It is a direct subsidiary of Chapman Freeborn International Limited.
Chapman Freeborn Airchartering Bv	Belgium	Aviation Logistics and Distribution Services	80	80	The subsidiary was acquired on 11 October 2019. It is a direct subsidiary of Chapman Freeborn International Limited.
Chapman Freeborn Airchartering Ltd.	Canada	Aviation Logistics and Distribution Services	100	100	The subsidiary was acquired on 11 October 2019. It is a direct subsidiary of Chapman Freeborn International Limited.

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

1 General information (continued)

The Group's companies	Country of establishment	Operating segment	Share of equity, % 31-12-2020	31-12-2019	Date of acquiring/establishment and activity
Chapman Freeborn Airchartering (China) Limited	The United Kingdom	Aviation Logistics and Distribution Services	100	100	The subsidiary was acquired on 11 October 2019. It is a direct subsidiary of Chapman Freeborn International Limited.
Chapman Freeborn Airchartering Consulting (Shanghai) Co. Ltd	Republic of China	Aviation Logistics and Distribution Services	100	100	The subsidiary was acquired on 11 October 2019. It is a direct subsidiary of Chapman Freeborn International Limited.
Chapman Freeborn Airmaketing GmbH	Germany	Aviation Logistics and Distribution Services	100	100	The subsidiary was acquired on 11 October 2019. It is a direct subsidiary of Chapman Freeborn International Limited.
Chapman Freeeborn Airchartering pvt Ltd	India	Aviation Logistics and Distribution Services	100	100	The subsidiary was acquired on 11 October 2019. It is a direct subsidiary of Chapman Freeborn International Limited.
Chapman Freeborn International Limited	The United Kingdom	Aviation Logistics and Distribution Services	100	100	The subsidiary was acquired on 11 October 2019. It is a direct subsidiary of Chapman Freeborn Holdings Limited.
Al tajer Al Hur for Air freight and passenger services LLC - Baghdad	Iraq	Aviation Logistics and Distribution Services	100	100	The subsidiary was acquired on 11 October 2019. It is a direct subsidiary of Chapman Freeborn Aviation Services FZE.
Chapman Freeborn OBC GmbH	Germany	Aviation Logistics and Distribution Services	100	100	The subsidiary was acquired on 11 October 2019. It is a direct subsidiary of Chapman Freeborn International Limited.
Chapman Freeborn Handcarry Limited	Hong Kong	Aviation Logistics and Distribution Services	100	100	The subsidiary was acquired on 11 October 2019. It is a direct subsidiary of Chapman Freeborn International Limited.
Chapman Freeborn OBC Inc.	United States	Aviation Logistics and Distribution Services	100	100	The subsidiary was acquired on 11 October 2019. It is a direct subsidiary of Chapman Freeborn International Limited.
Chapman Freeborn Airchartering S.p z.o.o	Poland	Aviation Logistics and Distribution Services	100	85	The subsidiary was acquired on 11 October 2019. It is a direct subsidiary of Chapman Freeborn International Limited.

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

1 General information (continued)

The Group's companies	Country of establishment	Operating segment	Share of equity, % 31-12-2020	31-12-2019	Date of acquiring/establishment and activity
Chapman Freeborn Airchartering PTE. LTD.	Singapore	Aviation Logistics and Distribution Services	100	100	The subsidiary was acquired on 11 October 2019. It is a direct subsidiary of Chapman Freeborn International Limited.
Chapman Freeborn Airchartering (South Africa) Proprietary Limited	South Africa	Aviation Logistics and Distribution Services	100	100	The subsidiary was acquired on 11 October 2019. It is a direct subsidiary of Chapman Freeborn International Limited.
Chapman Freeborn Airchartering SL	Spain	Aviation Logistics and Distribution Services	100	100	The subsidiary was acquired on 11 October 2019 It is a direct subsidiary of Chapman Freeborn International Limited.
Chapman Freeborn Aviation Services FZE	Sharjah - UAE	Aviation Logistics and Distribution Services	100	100	The subsidiary was acquired on 11 October 2019. It is a direct subsidiary of Chapman Freeborn International Limited.
Chapman Freeborn Aviation Services FZCO	Dubai - UAE	Aviation Logistics and Distribution Services	100	100	The subsidiary was acquired on 11 October 2019. It is a direct subsidiary of Chapman Freeborn International Limited.
Chapman Freeborn Airchartering Limited	The United Kingdom	Aviation Logistics and Distribution Services	100	100	The subsidiary was acquired on 11 October 2019. It is a direct subsidiary of Chapman Freeborn International Limited.
Chapman Freeborn Airchartering Inc	USA	Aviation Logistics and Distribution Services	100	100	The subsidiary was acquired on 11 October 2019. It is a direct subsidiary of Chapman Freeborn International Limited.
Intradco Cargo Services Limited	The United Kingdom	Aviation Logistics and Distribution Services	75	75	The subsidiary was acquired on 11 October 2019. It is a direct subsidiary of Zeusbond Limited.
Logik Logistics International Limited	The United Kingdom	Aviation Logistics and Distribution Services	-	80	The subsidiary was acquired on 11 October 2019. On 12 May 2020 the Company was sold to third parties.
Magma Aviation Limited	The United Kingdom	Aviation Logistics and Distribution Services	100	75	The subsidiary was acquired on 11 October 2019. It is a direct subsidiary of Chapman Freeborn International Limited.
Wings 24 Limited	The United Kingdom	Aviation Logistics and Distribution Services	100	100	The subsidiary was acquired on 11 October 2019. It is a direct subsidiary of Chapman Freeborn International Limited.

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

1 General information (continued)

The Group's companies	Country of establishment	Operating segment	Share of equity, % 31-12-2020	31-12-2019	Date of acquiring/establishment and activity
Zeusbond Limited	The United Kingdom	Aviation Logistics and Distribution Services	75	75	The subsidiary was acquired on 11 October 2019. It is a direct subsidiary of Chapman Freeborn International Limited.
Chapman Freeborn Airchartering Ltd.	Afghanistan	Aviation Logistics and Distribution Services	100	100	The subsidiary was acquired on 11 October 2019. It is a direct subsidiary of Chapman Freeborn International Limited. The subsidiary is under liquidation procedures.
SCI France Patrimoine	France	Aviation Logistics and Distribution Services	100	100	The subsidiary was acquired on 11 October 2019. It is a direct subsidiary of Chapman Freeborn International Limited. The subsidiary is under liquidation procedures.
Chapman Freeborn Airchartering GmbH	Germany	Aviation Logistics and Distribution Services	100	100	The subsidiary was acquired on 11 October 2019. It is a direct subsidiary of Chapman Freeborn International Limited. The subsidiary is under liquidation procedures.
Chapman Freeborn Havacilik Tasimacilik Ticaret Limited Sirketi	Turkey	Aviation Logistics and Distribution Services	100	100	The subsidiary was acquired on 11 October 2019. It is a direct subsidiary of Chapman Freeborn International Limited. The subsidiary is under liquidation procedures.
Chapman Freeborn Airchartering (Uganda) Limited	Uganda	Aviation Logistics and Distribution Services	-	100	The subsidiary was acquired on 11 October 2019. It was a direct subsidiary of Chapman Freeborn International Limited. On 2 July 2020 the subsidiary was liquidated.
Chapman Freeborn Airchartering Limited	Hong Kong	Aviation Logistics and Distribution Services	-	-	The subsidiary was acquired on 11 October 2019. It was a direct subsidiary of Chapman Freeborn International Limited. On 27 December 2019 the subsidiary was liquidated.
Arcus-Air-Logistic GmbH	Germany	Aviation Logistics and Distribution Services	100	-	The subsidiary was acquired on 18 June 2020. It is a direct subsidiary of Chapman Freeborn Airmarketing GmbH.
Arcus-Air-Logistic Iberica S.L.U.	Spain	Aviation Logistics and Distribution Services	100	-	The subsidiary was acquired on 18 June 2020. It is a direct subsidiary of Chapman Freeborn Airmarketing GmbH.
Arcus-Air-Logistic s.r.o.	Slovakia	Aviation Logistics and Distribution Services	100	-	The subsidiary was acquired on 18 June 2020. It is a direct subsidiary of Chapman Freeborn Airmarketing GmbH.
Arcus OBC Gmbh	Germany	Aviation Logistics and Distribution Services	100	-	The subsidiary was acquired on 18 June 2020. It is a direct subsidiary of Chapman Freeborn OBC GmbH.

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

1 General information (continued)

The Group's companies	Country of establishment	Operating segment	Share of equity, % 31-12-2020	31-12-2019	Date of acquiring/establishment and activity
Smart Aviation Holding SIA	Republic of Latvia	Aviation Logistics and Distribution Services	100	100	The subsidiary was acquired on 2 October 2019. The company is acting as a holding company which controls 100 % of the share capital in Smart Lynx Airlines SIA and 51% of the share capital in Eyjafoll SAS. The subsidiaries of Smart Aviation Holding SIA provide aircraft ACMI and full charter services and acts as intermediary in leasing-in and leasing-out the aircraft capacity to non-airline or airline customers.
SIA SMARTLYNX AIRLINES	Republic of Latvia	Aviation Logistics and Distribution Services	100	100	The subsidiary was acquired on 2 October 2019. It is a direct subsidiary of Smart Aviation Holdings SIA.
SmartLynx Airlines Estonia OÜ	Republic of Estonia	Aviation Logistics and Distribution Services	100	100	The subsidiary was acquired on 2 October 2019. It is a direct subsidiary of SMARTLYNX AIRLINES SIA.
SmartLynx Airlines Crewing OÜ	Republic of Estonia	Aviation Logistics and Distribution Services	100	100	The subsidiary was acquired on 2 October 2019. It is a direct subsidiary of SMARTLYNX AIRLINES SIA.
Smartlynx Airlines Malta Limited	Republic of Malta	Aviation Logistics and Distribution Services	100	100	The subsidiary was acquired on 2 October 2019. It is a direct subsidiary of Air Holding Limited.
Air Holding Limited	Republic of Malta	Aviation Logistics and Distribution Services	100	100	The subsidiary was acquired on 2 October 2019. It is a direct subsidiary of Avia Solutions Group PLC.
Smartlynx Airlines Cabo Verde SA	Cabo Verde	Aviation Logistics and Distribution Services	100	100	The subsidiary was acquired on 2 October 2019. It is a direct subsidiary of SMARTLYNX AIRLINES SIA. The subsidiary is under liquidation procedures.
"SLH Invest LLC (ООО «СЛХ Инвест»)"	Russian Federation	Aviation Logistics and Distribution Services	100	100	The subsidiary was acquired on 2 October 2019. It is a direct subsidiary of SMARTLYNX AIRLINES SIA. The subsidiary is under liquidation procedures.
Smart Aviation Limited	Republic of Malta	Aviation Logistics and Distribution Services	100	100	The subsidiary was acquired on 2 October 2019. It is a direct subsidiary of Avia Solutions Group PLC.
SIA Smartlynx Technik	Republic of Latvia	Aviation Logistics and Distribution Services	100	100	The subsidiary was acquired on 2 October 2019. It is a direct subsidiary of SMARTLYNX AIRLINES SIA.
Blafugl ehf (Bluebird Nordic)	Republic of Iceland	Aviation Logistics and Distribution Services	100	-	The subsidiary was acquired on 31 March 2020. The subsidiary provides import and export air freight services worldwide.
Aviator Airport Alliance, AB	Kingdom of Sweden	Aviation Supporting Services	100	-	The subsidiary was acquired on 1 March 2020. The company is acting as a holding company. Aviator group subsidiaries provides aircraft ground handling services.

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

1 General information (continued)

The Group's companies	Country of establishment	Operating segment	Share of equity, % 31-12-2020	31-12-2019	Date of acquiring/establishment and activity
Nordic Aero Holding, AB	Kingdom of Sweden	Aviation Supporting Services	100	-	The subsidiary was acquired on 1 March 2020. It is a direct subsidiary of Aviator Airport Alliance, AB.
Copenhagen Flight services, ApS	Kingdom of Denmark	Aviation Supporting Services	100	-	The subsidiary was acquired on 1 March 2020. It is a direct subsidiary of Nordic Aero Holding, AB.
OY Nordic Airport Services, AB	Republic of Finland	Aviation Supporting Services	100	-	The subsidiary was acquired on 1 March 2020. It is a direct subsidiary of Nordic Aero Holding, AB.
Aviator Airport Services Sweden, AB	Kingdom of Sweden	Aviation Supporting Services	100	-	The subsidiary was acquired on 1 March 2020. It is a direct subsidiary of Nordic Aero Holding, AB.
Aviator Airport Services Finland, OY	Republic of Finland	Aviation Supporting Services	100	-	The subsidiary was acquired on 1 March 2020. It is a direct subsidiary of Nordic Airport Services, AB.
Aviator Airport Alliance, AS	Kingdom of Norway	Aviation Supporting Services	100	-	The subsidiary was acquired on 1 March 2020. It is a direct subsidiary of Aviator Airport Alliance, AB.
Aviator OSL, AS	Kingdom of Norway	Aviation Supporting Services	100	-	The subsidiary was acquired on 1 March 2020. It is a direct subsidiary of Aviator Airport Alliance, AS.
Aviator Airport Services Denmark, A/S	Kingdom of Denmark	Aviation Supporting Services	100	-	The subsidiary was acquired on 1 March 2020. It is a direct subsidiary of Aviator Airport Alliance Danmark, A/S.
Aviator Relaxium, ApS	Kingdom of Denmark	Aviation Supporting Services	100	-	The subsidiary was acquired on 1 March 2020. It is a direct subsidiary of Aviator Airport Alliance Danmark, A/S.
Aviator Airport Services, AB	Kingdom of Sweden	Aviation Supporting Services	100	-	The subsidiary was acquired on 1 March 2020. It is a direct subsidiary of Aviator Airport Alliance Danmark, A/S.
Aviator Robotics, AB	Kingdom of Sweden	Aviation Supporting Services	100	-	The subsidiary was acquired on 1 March 2020. It is a direct subsidiary of Aviator Airport Alliance, AB.
Aviator Logistics AB	Kingdom of Sweden	Aviation Supporting Services	100	-	The subsidiary was established on 21 September 2020. It is a direct subsidiary of Aviator Airport Alliance, AB.

** - the percentages represent economic interests*

The shareholders of the Company have a statutory right to approve these financial statements or not to approve them and to require preparation of another set of financial statements.

2 Summary of significant accounting policies

The principal 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 Cyprus Companies Law, Cap. 113. The financial statements have been prepared on a going concern basis and under the historical cost convention.

These financial statements include the consolidated financial statements of the Group for the year ended 31 December 2020.

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

Covid-19-Related Rent Concessions – Amendments to IFRS 16 (issued on 28 May 2020 and effective for annual periods beginning on or after 1 January 2020). The amendments provided lessees (but not lessors) with relief in the form of an optional exemption from assessing whether a rent concession related to COVID-19 is a lease modification. Lessees can elect to account for rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as a variable lease payment. The practical expedient only applies to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all of the following conditions are met: the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change: (a) any reduction in lease payments affects only payments due on or before 30 June 2021; (b) and there is no substantive change to other terms and conditions of the lease. If a lessee chooses to apply the practical expedient to a lease, it would apply the practical expedient consistently to all lease contracts with similar characteristics and in similar circumstances. The amendment is to be applied retrospectively in accordance with IAS 8, but lessees are not required to restate prior period figures or to provide the disclosure under paragraph 28(f) of IAS 8. The impact of the application of this amendment on the Group's financial statements is disclosed in Note 32.

Interest rate benchmark reform – Amendments to IFRS 9, IAS 39 and IFRS 7 (issued on 26 September 2019 and effective for annual periods beginning on or after 1 January 2020). The amendments were triggered by replacement of benchmark interest rates such as LIBOR and other inter-bank offered rates ('IBORs'). The amendments provide temporary relief from applying specific hedge accounting requirements to hedging relationships directly affected by the IBOR reform. Cash flow hedge accounting under both IFRS 9 and IAS 39 requires the future hedged cash flows to be 'highly probable'. Where these cash flows depend on an IBOR, the relief provided by the amendments requires an entity to assume that the interest rate on which the hedged cash flows are based does not change as a result of the reform. Both IAS 39 and IFRS 9 require a forward-looking prospective assessment in order to apply hedge accounting. While cash flows under IBOR and IBOR replacement rates are currently expected to be broadly equivalent, which minimises any ineffectiveness, this might no longer be the case as the date of the reform gets closer. Under the amendments, an entity may assume that the interest rate benchmark on which the cash flows of the hedged item, hedging instrument or hedged risk are based, is not altered by IBOR reform. IBOR reform might also cause a hedge to fall outside the 80–125% range required by retrospective test under IAS 39. IAS 39 has therefore been amended to provide an exception to the retrospective effectiveness test such that a hedge is not discontinued during the period of IBOR-related uncertainty solely because the retrospective effectiveness falls outside this range. However, the other requirements for hedge accounting, including the prospective assessment, would still need to be met. In some hedges, the hedged item or hedged risk is a non-contractually specified IBOR risk component. In order for hedge accounting to be applied, both IFRS 9 and IAS 39 require the designated risk component to be separately identifiable and reliably measurable. Under the amendments, the risk component only needs to be separately identifiable at initial hedge designation and not on an ongoing basis. In the context of a macro hedge, where an entity frequently resets a hedging relationship, the relief applies from when a hedged item was initially designated within that hedging relationship. Any hedge ineffectiveness will continue to be recorded in profit or loss under both IAS 39 and IFRS 9.

2.1 Basis of preparation (continued)

The amendments set out triggers for when the reliefs will end, which include the uncertainty arising from interest rate benchmark reform no longer being present. The amendments require entities to provide additional information to investors about their hedging relationships that are directly affected by these uncertainties, including the nominal amount of hedging instruments to which the reliefs are applied, any significant assumptions or judgements made in applying the reliefs, and qualitative disclosures about how the entity is impacted by IBOR reform and is managing the transition process. Application of this amendment did not affect the financial position or results of the Group.

Definition of materiality – Amendments to IAS 1 and IAS 8 (issued on 31 October 2018 and effective for annual periods beginning on or after 1 January 2020). The amendments clarify the definition of material and how it should be applied by including in the definition guidance that until now has featured elsewhere in IFRS. In addition, the explanations accompanying the definition have been improved. Finally, the amendments ensure that the definition of material is consistent across all IFRS Standards. Information is material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. Application of this amendment does not affect the financial position or results of the Group.

Definition of a business – Amendments to IFRS 3 (issued on 22 October 2018 and effective for acquisitions from the beginning of annual reporting period that starts on or after 1 January 2020). The amendments revise definition of a business. A business must have inputs and a substantive process that together significantly contribute to the ability to create outputs. The new guidance provides a framework to evaluate when an input and a substantive process are present, including for early stage companies that have not generated outputs. An organised workforce should be present as a condition for classification as a business if are no outputs. The definition of the term 'outputs' is narrowed to focus on goods and services provided to customers, generating investment income and other income, and it excludes returns in the form of lower costs and other economic benefits. It is also no longer necessary to assess whether market participants are capable of replacing missing elements or integrating the acquired activities and assets. An entity can apply a 'concentration test'. The assets acquired would not represent a business if substantially all of the fair value of gross assets acquired is concentrated in a single asset (or a group of similar assets). Application of this amendment did not affect the financial position or results of the Group.

Amendments to the Conceptual Framework for Financial Reporting (issued on 29 March 2018 and effective for annual periods beginning on or after 1 January 2020). The revised Conceptual Framework includes a new chapter on measurement; guidance on reporting financial performance; improved definitions and guidance - in particular the definition of a liability; and clarifications in important areas, such as the roles of stewardship, prudence and measurement uncertainty in financial reporting. Application of this amendment did not affect the financial position or results 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 2020 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:

Interest rate benchmark (IBOR) reform – phase 2 amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (issued on 27 August 2020 and effective for annual periods beginning on or after 1 January 2021). The Phase 2 amendments address issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one. The amendments cover the following areas:

- Accounting for changes in the basis for determining contractual cash flows as a result of IBOR reform: For instruments to which the amortised cost measurement applies, the amendments require entities, as a practical expedient, to account for a change in the basis for determining the contractual cash flows as a result of IBOR reform by updating the effective interest rate using the guidance in paragraph B5.4.5 of IFRS 9. As a result, no immediate gain or loss is recognised. This practical expedient applies only to such a change and only to the extent it is necessary as a direct consequence of IBOR reform, and the new basis is economically equivalent to the previous basis. Insurers applying the temporary exemption from IFRS 9 are also required to apply the same practical expedient. IFRS 16 was also amended to require lessees to use a similar practical expedient when

2.1 Basis of preparation (continued)

- accounting for lease modifications that change the basis for determining future lease payments as a result of IBOR reform.
- End date for Phase 1 relief for non-contractually specified risk components in hedging relationships: The Phase 2 amendments require an entity to prospectively cease to apply the Phase 1 reliefs to a non-contractually specified risk component at the earlier of when changes are made to the non-contractually specified risk component, or when the hedging relationship is discontinued. No end date was provided in the Phase 1 amendments for risk components.
- Additional temporary exceptions from applying specific hedge accounting requirements: The Phase 2 amendments provide some additional temporary reliefs from applying specific IAS 39 and IFRS 9 hedge accounting requirements to hedging relationships directly affected by IBOR reform.
- Additional IFRS 7 disclosures related to IBOR reform: The amendments require disclosure of: (i) how the entity is managing the transition to alternative benchmark rates, its progress and the risks arising from the transition; (ii) quantitative information about derivatives and non-derivatives that have yet to transition, disaggregated by significant interest rate benchmark; and (iii) a description of any changes to the risk management strategy as a result of IBOR reform.

The Group does not expect significant impact of the amendments on its financial statements.

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 include a number of clarifications intended to ease implementation of IFRS 17, simplify some requirements of the standard and transition. This amendment will not have an impact on the financial position or results of the Group.

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

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28 (issued on 11 September 2014 and effective for annual periods beginning on or after a date to be determined by the IASB). These amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are held by a subsidiary.

Classification of liabilities as current or non-current – Amendments to IAS 1 (issued on 23 January 2020 and effective for annual periods beginning on or after 1 January 2022). These narrow scope amendments clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Liabilities are non-current if the entity has a substantive right, at the end of the reporting period, to defer settlement for at least twelve months. The guidance no longer requires such a right to be unconditional. Management's expectations whether they will subsequently exercise the right to defer settlement do not affect classification of liabilities. The right to defer only exists if the entity complies with any relevant conditions as of the end of the reporting period. A liability is classified as current if a condition is breached at or before the reporting date even if a waiver of that condition is obtained from the lender after the end of the reporting period. Conversely, a loan is classified as non-current if a loan covenant is breached only after the reporting date. In addition, the amendments include clarifying the classification requirements for debt a company might settle by converting it into equity. 'Settlement' is defined as the extinguishment of a liability with cash, other resources embodying economic benefits or an entity's own equity instruments. There is an exception for convertible instruments that might be converted into equity, but only for those instruments where the conversion option is classified as an equity instrument as a separate component of a compound financial instrument.

2.1 Basis of preparation (continued)

Other standards, interpretations and amendments that have not been endorsed by European Union and that have not been early adopted by the Group:

- IFRS 14, Regulatory Deferral Accounts;
- Proceeds before intended use, Onerous contracts – cost of fulfilling a contract, Reference to the Conceptual Framework – narrow scope amendments to IAS 16, IAS 37 and IFRS 3, and Annual Improvements to IFRSs 2018-2020 – amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41.

The Group is currently assessing the impact of these amendments on their 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.

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.

2.2 Consolidation (continued)

Associates and joint venture

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 income statement, 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.

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 income statements. 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 functional and 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 gain / (loss) – 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 and reclassified from equity to profit or loss on disposal of the net investment.

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 income statement 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. 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.

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

2.5 Property, plant and equipment (continued)

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
Other non-current tangible assets	3 – 15 years

Major additions, modifications and improvements expenditure relating to flight equipment for aircraft leased are capitalized and depreciated over the remaining lease period of the aircraft. Major improvements performed for leased aircraft 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.

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.

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 gain/(loss) – net' in the income statement.

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 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.

2.8 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
Web-site costs	5 years
Other non-current intangible assets	1 - 4 years

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.

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.

2.9 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.

2.10 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.
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.

2.10 Financial assets (continued)

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.

2.11 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 income statement 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 income statement.

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.

2.12 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 is classified to inventory when it is expected that its carrying amount is to be recovered through a sale transaction.

2.13 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.

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.

2.14 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 three months or less.

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.

2.15 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.

2.16 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.

2.17 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.

2.18 Borrowing 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.

2.19 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.

2.20 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 suchcases, 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.

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

2.20 Derivative financial instruments (continued)

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).

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 2020	**Level 1**	**Level 2**
Financial assets		
Financial assets at fair value through profit or loss (FVPL)	1 231	-
Hedging derivatives - foreign currency interest rate swap	-	3 563
Total financial assets	**1 231**	**3 563**
Financial liabilities		
Derivatives - commodity swap	-	137
Hedging derivatives - foreign currency interest rate swap	-	**12 453**
Total financial assets	**-**	**12 590**

Recurring fair value measurements at 31 December 2019	**Level 1**	**Level 2**
Financial assets		
Hedging derivatives - foreign currency interest rate swap	-	3 600
Derivatives - foreign currency options	-	413
Derivatives - foreign currency forwards	-	36
Total financial assets	**-**	**4 049**
Financial liabilities		
Hedging derivatives - foreign currency interest rate swap	-	4 686
Total financial assets	**-**	**4 686**

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

2.20 Derivative financial instruments (continued)

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

Specific valuation techniques used to value financial instruments include:

- for foreign currency interest rate swaps – the present value of the estimated future cash flows based on observable yield curves. Additionally, the instruments' value is agreed upon with bank;
- for foreign currency forwards – the present value of future cash flows based on the forward exchange rates at the balance sheet date;
- for foreign currency options – option pricing models (Black-Scholes, Vanna-Volga models).

All of the resulting fair value estimates are included in level 2.

2.21 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.

2.22 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.

2.23 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.

2.23 Accounting for leases (continued)

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.

2.24 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 Lithuanian, Latvian, Ukrainian, British, Russian and Nigerian legislation, tax losses accumulated are carried forward indefinitely; according to Polish, Czech, Cypriot, Indonesian and Thai legislation, tax losses accumulated per year are carried forward during 5 years. According to Lithuanian legislation starting from 1 January 2014 the tax loss carries forward that is deductible cannot exceed 70% of the current financial year taxable profit.

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

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. 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.

2.25 Revenue recognition (continued)

Business charter operations 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.

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.

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.

Lease revenue

In Aircraft Trading and Portfolio Management segment lease revenue consists of lease revenue (fixed part) and supplemental maintenance rent (variable part) from aircraft leases.

As a lessor, the Group leases aircraft under operating leases and reports rental income on a linear basis over the life of the lease as it is earned. All aircraft lease agreements provide for the payment of a fixed, periodic amount of lease rentals (fixed lease revenue).

In addition to the fixed lease revenue, under the same contracts and for the same aircraft the Group also receives variable lease payments, so called supplemental maintenance rent from aircraft leases, which are calculated based on actual utilization of airframes, engines and other major life-limited components, and which is recognised as revenue over the lease term based on actual usage of the leased aircraft.

Lease revenue is recognised over time based on aircraft hours and cycles in operation

Fixed lease revenue and variable lease revenue are one performance obligation. Lease revenue is not within the Scope of IFRS15 "Revenue from contracts with customers".

2.25 Revenue recognition (continued)

In Aviation Logistics and Distribution Services segment almost all contracts include multiple deliverables, such as the lease of aircraft and related services. 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 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

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.

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 16 million for the Group (2019: EUR 5 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.

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.

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.

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

3.1 Financial risk factors (continued)

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), British Pound (GBP), Swedish Krona (SEK) and Russian Ruble (RUB). 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, Swedish krona and Russian Ruble are multiplied by reasonably possible change of EUR to US dollars, EUR to British Pounds, EUR to Swedish krona and EUR to Russian Ruble respectively. Reasonable possible change is provided in the table below:

	2020	2019
Reasonably possible change of EUR to USD	9%	2%
Reasonably possible change of EUR to GBP	5%	5%
Reasonably possible change of EUR to RUB	24%	15%
Reasonably possible change of EUR to SEK	4%	-

As at 31 December 2020 the Group's post-tax profit for the year would have been: EUR 3 918 thousand (2019: EUR 5 014 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 137 thousand (2019: EUR 279 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, EUR 143 thousand higher/lower, mainly as a result of foreign exchange gains/losses on translation of Swedish krona denominated trade and other receivables and trade and other payables, EUR 242 thousand (2019: EUR 576 thousand) higher/lower, mainly as a result of foreign exchange gains/losses on translation of Russian Ruble 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.

(b) Price risk

The Group is not exposed to price risk of financial instruments since it does not possess any material financial instruments that could be sensitive to such risk.

(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 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. 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 2020 and 31 December 2019 Group's borrowings and finance lease liabilities at variable rate of 3 or 6 months EURIBOR or LIBOR plus fixed margin were denominated in EUR and USD respectively.

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

3.1 Financial risk factors (continued)

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 181 thousand in 2020 (2019: EUR 93 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:

	2020	**2019**
Trade receivables (Note 21)	69 461	64 536
Cash in bank (Note 23)	177 914	216 833
Other financial receivables	6 918	10 543
Contract assets (Note 22)	10 128	7 376
Trade receivables from related parties (Notes 21, 34)	505	683
Other financial receivables from related parties (Notes 21, 34)	4 488	4 047
Loans granted to related parties (Note 21)	22 869	20 330
Loans granted (Note 21)	8 369	10 845
Derivative financial instruments (assets)	3 563	449
Bank deposits	26 745	84 994
	330 960	**420 636**

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

3.1 Financial risk factors (continued)

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

	2020	**2019**
Germany	13 701	12 374
United Kingdom	4 838	6 722
Sweden	4 004	257
United States	3 773	3 324
Russia	3 293	5 927
Hungary	3 158	2 138
China	2 853	618
Italy	2 639	687
Ireland	2 623	2 730
Pakistan	2 317	1 841
Kenya	2 089	789
Hong Kong	1 609	1 218
France	1 579	767
Ukraine	1 636	1 463
Lithuania	942	1 862
United Arab Emirates	791	2 295
Other (less than EUR 1 500 thousand separately)	17 616	19 524
Total trade receivables	**69 461**	**64 536**

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

	2020	**2019**
Customer AP	7 256	5 480
Customer T	3 988	2 088
Customer AS	2 320	1 820
Customer AR	2 264	2 038
Customer AM	5 53	2 296
Customer AT	448	1 658
Other (less than EUR 1 500 thousand separately)	52 632	49 156
Total trade receivables	**69 461**	**64 536**

(b) Impairment of financial assets

Groups of financial assets for ECL measurement purposes

The Group has two 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*.

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

3.1 Financial risk factors (continued)

The Group's loss allowance provision for financial assets measured at amortised cost as at 31 December 2020 reconciles to the opening loss allowance for that provision as follows:

	Loss allowance provision		
	For trade receivables	For other financial assets	Total
Opening loss allowance as at 1 January 2019	**(14 342)**	**(7 638)**	**(21 980)**
(Increase)decrease in the provision recognised in profit or loss in other expenses during the period (Note 14)	(1 791)	402	**(1 389)**
Increase in the provision due to acquisitions	(1 813)	(15 821)	**(17 634)**
Reclassification of loss allowance provision	139	-	**139**
Cumulative currency differences	20	253	**273**
Receivables written off during the year as uncollectible	73	-	**73**
As at 31 December 2019 (Note 21)	**(17 714)**	**(22 804)**	**(40 518)**
Opening loss allowance as at 1 January 2020	**(17 714)**	**(22 804)**	**(40 518)**
(Increase)decrease in the provision recognised in profit or loss in other expenses during the period (Note 14)	(13 932)	(7 968)	**(21 900)**
Increase in the provision due to acquisitions	(1 990)	(40)	**(2 030)**
Acquisition of credit impaired assets	-	(116)	**(116)**
Reclassification of loss allowance provision	-	(672)	**(672)**
Cumulative currency differences	76	1 429	**1 505**
Receivables written off during the year as uncollectible	2 213	109	**2 322**
As at 31 December 2020 (Note 21)	**(31 347)**	**(30 062)**	**(61 409)**

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.

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.

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.

3.1. Financial risk factors (continued)

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 expected credit loss provision
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

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

3.1 Financial risk factors (continued)

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 profit/loss.

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.

2020	**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	0,90%	1,88%	10,06%	50,63%	**5,36%**
Gross carrying amount	63 404	5 699	1 173	6 560	**76 836**
Loss allowance provision	(569)	(107)	(118)	(3 321)	**(4 115)**

2019	**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	0,88%	0,65%	10,49%	66,93%	**5,66%**
Gross carrying amount	30 040	29 646	1 801	4 629	**66 116**
Loss allowance provision	(264)	(193)	(186)	(3 099)	**(3 742)**

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*.

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

3.1 Financial risk factors (continued)

Lifetime expected credit loss is calculated for trade receivables applying the simplified approach and they are classified in Stage 2 in line with requirements of IFRS9.

The Group's loss allowance provision as at 31 December 2020 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	0,52%	12 months expected losses. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime.	4 806	(25)
Category 2	Stage 1	5,16%		523	(27)
Category 3	Stage 2	13,25%	Lifetime expected losses	498	(66)
Category 4	Stage 2	27,53%		1 391	(383)
Category 5	Stage 3	63,42%		1 282	(813)
Category 6	Stage 3	99,28%		26 105	(25 918)
Total:		**78,69%**		**34 605**	**(27 232)**

The Group's loss allowance provision as at 31 December 2019 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	0,75%	12 months expected losses. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime.	8 829	(66)
Category 2	Stage 1	6,37%		455	(29)
Category 3	Stage 2	11,54%	Lifetime expected losses	26	(3)
Category 4	Stage 2	36,61%		773	(283)
Category 5	Stage 3	80,48%		1 404	(1 130)
Category 6	Stage 3	98,06%	Asset is written off through profit or loss to the extent of expected losses	12 707	(12 460)
Total:		**57,85%**		**24 194**	**(13 972)**

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 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 2020 for other financial assets measured at amortised cost is determined as follows:

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

3.1 Financial risk factors (continued)

The Group's loss allowance provision as at 31 December 2020 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	0,52%	12 months expected losses. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime.	32 417	(167)
Category 2	Stage 1	5,32%		94	(5)
Category 1 (for start-ups)	Stage 1	0%		35	-
Category 2 (for start-ups)	Stage 1	6,46%		1 843	(119)
Category 3	Stage 2	10,05%	Lifetime expected losses	547	(55)
Category 4	Stage 2	41,80%		244	(102)
Category 5	Stage 3	54,00%		17 711	(9 564)
Category 6	Stage 3	100,00%		20 050	(20 050)
Total:		**41,21%**		**72 941**	**(30 062)**

The Group's loss allowance provision as at 31 December 2019 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	0,45%	12 months expected losses. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime.	35 006	(158)
Category 1 (for start-ups)	Stage 1	0%		1 251	-
Category 2	Stage 1	5,11%		137	(7)
Category 3	Stage 2	11,29%	Lifetime expected losses	1 001	(113)
Category 5	Stage 3	51,78%		17 956	(9 298)
Category 6	Stage 3	100,00%	Asset is written off through profit or loss to the extent of expected losses	13 228	(13 228)
Total:		**33,25%**		**68 579**	**(22 804)**

* 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.

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

3.1 Financial risk factors (continued)

The loss allowance provision for other financial assets at amortised cost as at 31 December 2020 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 2019	**(196)**	**(7 345)**	**(97)**	**(7 638)**
Increase in the provision recognised in profit or loss in other expenses during the period	2 350		(1 948)	**402**
Increase in the provision due to acquisitions	(13 395)	(2 423)	(3)	**(15 821)**
Currency translation differences	161	(24)	116	**253**
As at 31 December 2019	**(11 080)**	**(9 792)**	**(1 932)**	**(22 804)**
Opening loss allowance as at 1 January 2020	**(11 080)**	**(9 792)**	**(1 932)**	**(22 804)**
Increase (decrease) in the provision recognised in profit or loss in other expenses during the period	(7 475)	-	(493)	**(7 968)**
Increase in the provision due to acquisitions	-		(40)	**(40)**
Reclassification of loss allowance provision	-	-	(672)	**(672)**
Acquisition of credit impaired assets	(116)	-	-	**(116)**
Write-offs	111	-	(2)	**109**
Currency translation differences	1 318	-	111	**1 429**
As at 31 December 2020	**(17 242))**	**(9 792)**	**(3 028)**	**(30 062)**

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

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.

See the table below for analysis of the Group's cash and cash equivalents according to the credit quality (Note 23).

	2020	2019
AA-	1 286	538
A+	85 698	67 473
AA	216	31 716
A	19 607	102 871
A-	7 379	981
AAA	1 060	-
BBB+	101	1 545
BBB	59 030	3 287
BBB-	2 497	405
BB+	-	624
BB	-	2
BB-	138	335
B+	85	199
B	-	6 341
B-	23	70
Other	794	446
Cash on hand	438	419
	178 352	**217 252**

** - external long-term credit ratings set by international agencies Standards & Poor's, Fitch ratings and Moody's Ratings as at 2019/2020.*

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

3.1 Financial risk factors (continued)

Security deposit with lessor, loans granted and loans granted to related parties

Security deposit with lessor, loans granted, loans granted to related parties, other receivables and other receivables from related parties 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 2020 current liabilities in sixty-four 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 2020			
Trade and other payables	68 677	50	-
Bank overdraft	500	-	-
Bonds issued	17 279	269 831	-
Bank borrowings	3 865	17 385	-
Security deposits received	4 419	-	-
Finance lease liabilities (Note 27)	61 497	126 138	14 069
Derivative financial instruments	-	12 453	-
Accrued expenses for certain contracts	1 814	-	-
Other borrowings	2 001	32	-
	160 052	**425 889**	**14 069**
31 December 2019			
Trade and other payables	72 952	4 283	-
Bank overdraft	5 236	-	-
Bonds issued	22 216	348 693	-
Bank borrowings	1 842	9 692	69
Security deposits received	7 123	1 097	-
Finance lease liabilities (Note 27)	96 332	181 850	28 056
Derivative financial instruments	-	4 686	-
Accrued expenses for certain contracts	2 123	-	-
Other borrowings	144	-	-
	207 968	**550 301**	**28 125**

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

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. 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 strategy is to maintain gearing ratio within 30% to 60%.

The Group's gearing ratio is as follows:

	2020	2019
Total borrowings (Note 27)	406 584	514 327
Less: cash and cash equivalents (Note 23)	(178 352)	(217 252)
Net debt	228 232	297 075
Total equity	273 370	346 022
Total capital	**503 602**	**643 097**
Gearing ratio	46%	46%

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 (at 2.84%, Note 29). 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 finance lease with variable rates approximates their 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:

4 Critical Accounting Estimates and Significant Judgments (continued)

(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 accrued revenue. Total ECL amounted to EUR 61 409 thousand as at 31 December 2020 and 40 518 thousand as at 31 December 2019.

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.

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.

(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 7 696 thousand as at 31 December 2020 and EUR 5 653 thousand as at 31 December 2019 and are disclosed in Note 20.

(c) Accruals for "power-by-the hour" aircraft maintenance contracts

Under the terms of "power by the hour" (PBH) aircraft maintenance contracts, the Group (supplier) has the obligation at its expense to repair and administer the Components' Pool for the Customer's aircraft fleet. For this estimation the Group reviews accruals for PBH contracts based on best estimates of the repair or/and maintenance of each component item, taking into account management's experience and market conditions. Deviations of management estimated components' repair and maintenance expenses from actual expenses at which component item may be repaired or/and maintained should not lead to any material impact on the Group's profit or loss. PBH aircraft maintenance contracts amounted to EUR 1 814 thousand as at 31 December 2020 and EUR 2 123 thousand as at 31 December 2019.

4 Critical Accounting Estimates and Significant Judgments (continued)

(d) Taxes

Tax authorities have a right to examine accounting records of the Group at any time during the 5 year period 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 17 161 thousand as at 31 December 2020 and EUR 9 615 thousand as at 31 December 2019 after appropriate offsetting with deferred tax liability and are disclosed in Note 30.

(e) Property, plant and equipment and intangible assets

Estimates concerning useful lives of property, plant and equipment 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. Increasing an asset's expected useful life or its residual value would result in a reduced depreciation charge. The useful lives of property, plant and equipment 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. Most of property, plant and equipment of the Group comprise machinery, buildings and vehicles. 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 352 931 thousand as at 31 December 2020 and EUR 363 286 thousand as at 31 December 2019 and are disclosed in Note 16. Intangible assets amounted to EUR 104 777 thousand as at 31 December 2020 and EUR 74 412 thousand as at 31 December 2019 and are disclosed in Note 17.

(f) 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 84 245 thousand as at 31 December 2020 and EUR 66 894 thousand as at 31 December 2019 and is disclosed in Note 17 and Note 33.

4 Critical Accounting Estimates and Significant Judgments (continued)

(g) 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. Provisions for C-check amounted to EUR 6 796 thousand as at 31 December 2020 and 6 003 thousand as at 31 December 2019 (Note 28).

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.

(h) Going concern

As stated in the 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.

During 2020 operations of the Group were significantly impacted by the spread of COVID-19 virus. The coronavirus (COVID-19) pandemic has created an unprecedented situation all around the world, which has affected all business sectors.

On 11 March 2020 the World Health Organization declared the coronavirus outbreak a pandemic. Responding to the potentially serious threat the COVID – 19 presents to public health, all the countries have taken measures to contain the outbreak, including introducing restrictions on traveling, entry restrictions and the 'lock-down' of certain industries, that had a significant impact on the aviation and related services where the Group operates.

Governments across the world implemented state aid programs to counter the negative effects of the outbreak of COVID -19 on the economy such as employee cost compensation packages, tax deferral plans and other. Each segment of the Group has been affected by COVID-19 differently.

As at the date of issue of these financial statements the Aviation Support Services segment has been operating at a decreased capacity in MRO services such as base maintenance, engineering services, line maintenance services, spare parts trading and services such as training were virtually suspended. Ground handling and fuelling services related to passenger services were operating at decreased capacity mainly driven by fluctuation of aircraft rotations and continued servicing for cargo aircraft.

Training services operate at a significantly decreased capacity and gradually recovering as operating restrictions are being lifted, though it remains significantly impacted by travel restrictions. Tour operations remain virtually suspended. Aviation Logistics and Distributions Services were impacted by two opposing trends whereby ACMI services continues to be almost suspended and cargo brokering services are experiencing significant increase in demand. Aircraft Trading and Portfolio Management services are continuing at a decreased capacity working on the projects that are driven by increased demand for cargo services.

4 Critical Accounting Estimates and Significant Judgments (continued)

Following approval of vaccines for COVID-19, vaccination is picking up pace in 2021 with fluctuating intensity across different territories. Alongside with planned certificates of vaccination and adapted traveling rules it is expected that increasing vaccination will drive a recovery of passenger flows that in turn will increase demand for aviation related services. Though recovery pattern, the timing and extent of introduction of more favourable traveling rules remains unknown, it is foreseen that narrow body passenger traffic, where majority of the Group's operations are focused, will resume faster than wide body passenger traffic.

As at 31 December 2020 the Group had EUR 178.4 million in cash and cash equivalents and further EUR 25.5 million in short term bank deposits that are expected to remain the main source of liquidity during COVID-19 restrictions period and subsequent market recovery.

Based on the publicly available information at the date these financial statements were authorized for issue, management considered a number of scenarios with respect to the potential development of the outbreak and its expected impact on the Group and economic environment in which the Group operates. Management also considered the fact that the adverse economic environment may continue to last during 2021 with potential partial recovery in H2 2021 or even later.

In response to these possible scenarios, management has already significantly progressed with actions aimed at mitigating the risks, which notably include:

- negotiations with certain counterparties in order to agree on more favourable terms and conditions;
- review of its existing commitments related to capital expenditures in the view of their cancellation or postponement;
- further utilization of support offered by the governments in terms of employee cost compensation packages and tax deferrals during lock downs;
- continuing of work from home program on a rotational basis for a significant group of administrative employees as well as employees in sales and procurement departments;
- further optimization of labour force and introducing payroll reductions if demand fails to recover as expected;
- employees in production department have been trained to adhere to very strict precautionary standards including social distancing;
- adjustments to the Group's operations to respond to the possible changes in demand for the services offered.

Management assessed the liquidity of the Group by projecting cash flows for the next twelve months and considered the level of liquid assets necessary to meet these. Those group companies that have experienced most significant negative impact due to latest COVID-19 outbreak related events will rely on financial support and funds available within the Group. Management applied a conservative approach for the forecast and stress tested the worst case scenario, which includes the assumption that demand in 2021 will not recover and business would continue to trade at 2020 levels. The analysis showed that the Group maintains sufficient cash and is able to provide financial support to enable subsidiaries to continue operations for at least twelve months from the da te of approval of the financial statements, if needed.

Additionally, management reviewed the covenants of bonds and significant borrowings, and concluded that the Group will be able to comply with them for at least twelve months from the date of approval of the financial statements.

In management's view, the above factors support the assertion that 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.

(i) 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.

5 Segment information

For management purposes, the Group is organised into business units based on the services provided, and has four reportable operating segments:
- Aviation Supporting Services;
- Aviation Logistics and Distribution Services;
- Aircraft Trading and Portfolio Management;
- Unallocated (holding, financing and other activities not related to aviation).

Aviation Supporting Services

Aviation Supporting Services segment is involved in providing services to airlines to support their business (services and products to aircraft and aircraft itself) using own assets. 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.

Aviation Logistics and Distribution Services

Aviation Logistics and Distribution Services segment provide services using aircraft to airline and non-airline customers using contracted capacity. This segment includes logistics services, a wide range of aircraft charter and leasing services to cargo, passenger and VIP charter clients across a broad spectrum of industries.

Aircraft Trading and Portfolio Management

Aircraft Trading and Portfolio Management segment is engaged in the business of aircraft leasing, trading and management.

Unallocated Sales

The Unallocated sales include sales of management services, financing and other activities not related to aviation which cannot be attributed to the other segments.

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 maker of the Group.

The accounting policies of the reportable 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 business 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 used to analyse 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.

5 Segment information (continued)

The following table present sales to external customers, cost and operating expenses, other income, other gain/loss and operating profit information according to the Group's business segments for year ended 31 December 2020:

Year ended 31 December 2020	**Aviation Support Services**	**Aviation Logistics and Distribution Services**	**Aircraft Trading and Portfolio Management**	**Unallocated***	**Inter-segment transactions**	**Total**
Continuing operations						
Revenue from contracts with external customers	228 601	367 178	88 308	11 585	-	**695 672**
Timing of revenue recognition						
At a point in time	132 928	366 256	85 782	11 490	-	**596 456**
Over time	95 673	922	2 526	95	-	**99 216**
Intersegment sales	14 260	1 250	6 704	4 676	(26 890)	**-**
Total revenue	**242 861**	**368 428**	**95 012**	**16 261**	**(26 890)**	**695 672**
Other income (Note 6)	1 447	9 958	4 397	6 285	(8 869)	**13 218**
Cost of services and goods purchased (Note 10)	(120 081)	(249 229)	(69 673)	(3 549)	24 165	**(418 367)**
Employee related expenses (Note 7)	(95 123)	(44 802)	(1 057)	(4 785)	33	**(145 734)**
Impairment losses of financial assets	(5 352)	(320)	(13 638)	(8 645)	6 055	**(21 900)**
Other impairment-related expenses	(2 866)	(2 940)	(516)	-	(1 022)	**(7 344)**
Other operating expenses (Note 11)	(23 276)	(19 167)	(2 464)	(6 031)	4 342	**(46 596)**
Depreciation and amortisation (Note 8, 16, 17)	(16 707)	(73 815)	(3 665)	(5 128)	109	**(99 205)**
Other gain/(loss) – net (Note 9)	5 790	12 670	(1 162)	13 679	(18 956)	**12 021**
Segment operating profit	**(13 307)**	**783**	**7 234**	**8 087**	**(21 032)**	**(18 235)**
Finance costs - net (Note 12)						(26 384)
Share of profit (losses) of associates (Note 18)						(1 190)
Profit before income tax						**45 809**
Income tax (Note 13)						(5 796)
Net profit for the period						**(51 605)**
As at 31 December 2020:						
Segment assets	227 741	321 141	147 092	250 316	-	**946 290**
Segment liabilities	138 988	225 400	35 905	272 627	-	**672 920**
Acquisition of non-current assets (Notes 16, 17)	50 449	27 524	32 386	35 391	-	**145 750**
Depreciation and amortization (Notes 8, 16, 17)	(16 707)	(73 815)	(3 665)	(5 128)	110	**(99 205)**

** Unallocated segment operating profit is related to intercompany transactions which are eliminated. Unallocated segment assets and liabilities are mainly related to financing activities: cash, bank deposits and finance liabilities for bonds issued.*

Revenue from contracts with external customers include lease revenue for amount of EUR 38 504 thousand, from which EUR 36 222 thousand relates to variable lease payments in Aviation Logistics and Distribution Services Segment, EUR 1 734 thousand to fixed lease payments in Aircraft Trading and Portfolio Management Segment and EUR 548 thousand to variable lease payments in Aircraft Trading and Portfolio Management Segment. In Aviation Logistics and Distribution Services Segment the Group proportionally allocates to different performance obligations/revenue streams based on the actual costs of services provided that are related to each revenue stream.

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

5 Segment information (continued)

The following table present sales to external customers, cost and operating expenses, other income, other gain/loss and operating profit information according to the Group's business segments for year ended 31 December 2019:

	Aviation Support Services	Aviation Logistics and Distribution Services	Aircraft Trading and Portfolio Management	Unallocated	Inter-segment transactions	Total
Year ended 31 December 2019						
Continuing operations						
Revenue from contracts with external customers	393 254	143 313	69 784	949	-	**607 300**
Timing of revenue recognition						
At a point in time	314 942	118 242	67 227	949		**501 360**
Over time	78 312	25 071	2 557	-		**105 940**
Intersegment sales	35 825	79 929	64 532	3 527	(183 813)	**-**
Total revenue	**429 079**	**223 242**	**134 316**	**4 476**	**(183 813)**	**607 300**
Other income (Note 6)	2 004	264	1 386	857	(3 632)	**879**
Cost of services and goods purchased (Note 10)	(286 775)	(182 570)	(106 745)	(1 060)	164 548	**(412 602)**
Employee related expenses (Note 7)	(80 566)	(13 208)	(411)	(3 177)	660	**(96 702)**
Impairment-related expenses (Note 14)	(6 707)	(424)	(117)	(1 831)	4 154	**(4 925)**
Other operating expenses (Note 11)	(26 272)	(20 880)	(918)	(3 171)	16 500	**(34 741)**
Depreciation and amortisation (Note 8, 16, 17)	(13 002)	(21 068)	(456)	(593)	387	**(34 732)**
Other gain/(loss) – net (Note 9)	1 025	4 628	(8)	(21)	(4 334)	**1 290**
Segment operating profit	**18 786**	**(10 016)**	**27 047**	**(4 520)**	**(5 530)**	**25 767**
Finance costs - net (Note 12)						(6 898)
Share of profit (losses) of associates (Note 18)						(1 027)
Profit before income tax						**17 842**
Income tax (Note 13)						(5 712)
Net profit for the period						**12 130**
As at 31 December 2019						
Segment assets	240 086	369 861	214 726	275 359	-	**1 100 032**
Segment liabilities	120 850	278 993	70 399	283 768	-	**754 010**
Acquisition of non-current assets (Notes 16, 17)	65 369	28 881	5 839	2 049	-	**102 138**
Depreciation and amortization (Notes 8, 16, 17)	(13 002)	(21 068)	(456)	(593)	387	**(34 732)**

Revenue from contracts with external customers include lease revenue for amount of EUR 23 630 thousand, from which EUR 21 216 thousand relates to variable lease payments in Aviation Logistics and Distribution Services Segment, EUR 1 772 thousand to fixed lease payments in Aircraft Trading and Portfolio Management Segment and EUR 642 thousand to variable lease payments in Aircraft Trading and Portfolio Management Segment.

In Aviation Logistics and Distribution Services Segment the Group proportionally allocates to different performance obligations/revenue streams based on the actual costs of services provided that are related to each revenue stream.

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

5 Segment information (continued)

For management purpose from 1 January 2020 the Group changed the method for calculating inter-segment transactions and activities which are not related with aviation were reclassified to "Unallocated" segment. The table below present sales to external customers, cost and operating expenses, other income, other gain/loss and operating profit information according to the Group's business segments for year ended 31 December 2019 which have been adjusted according to a new calculation method to be comparable with the current year's disclosure:

Year ended 31 December 2019	**Aviation Support Services**	**Aviation Logistics and Distribution Services**	**Aircraft Trading and Portfolio Management**	**Unallocated**	**Inter-segment transactions**	**Total**
Continuing operations						
Revenue from contracts with external customers	386 338	143 313	69 784	7 865	-	**607 300**
Timing of revenue recognition						
At a point in time	308 026	118 242	67 227	7 865	-	**501 360**
Over time	78 312	25 071	2 557	-	-	**105 940**
Inter-segment sales	12 616	2 307	379	3 528	(18 830)	**-**
Total revenue	**398 954**	**145 620**	**70 163**	**11 393**	**(18 830)**	607 300
Other income (Note 6)	953	(123)	873	796	(1 620)	**879**
Cost of services and goods purchased (Note 10)	(264 995)	(112 767)	(46 507)	(2 265)	13 932	**(412 602)**
Employee related expenses (Note 7)	(79 135)	(13 208)	(411)	(4 026)	78	**(96 702)**
Impairment-related expenses (Note 14)	(3 434)	(126)	(117)	(1 867)	4 154	**(1 390)**
Other operating expenses (Note 11)	(23 606)	(11 479)	(936)	(3 596)	4 876	**(34 741)**
Depreciation and amortisation (Note 8, 16, 17)	(10 962)	(21 002)	(456)	(2 354)	42	**(34 732)**
Other gain/(loss) – net (Note 9)	366	4 094	(16)	(74)	(3 080)	**1 290**
Segment operating profit	**14 904**	**(9 289)**	**22 593**	**(1 993)**	**(448)**	**25 767**
Finance costs - net (Note 12)						(6 898)
Share of profit (losses) of associates (Note 18)						(1 027)
Profit before income tax						**17 842**
Income tax (Note 13)						(5 712)
Net profit for the period						**12 130**
As at 31 December 2019						
Segment assets	183 746	369 861	214 726	332 249	-	**1 100 032**
Segment liabilities	102 065	278 919	70 474	302 552	-	**754 010**
Acquisition of non-current assets (Notes 16, 17)	65 369	28 881	5 839	2 049	-	**102 138**
Depreciation and amortization (Notes 8, 16, 17)	(10 962)	(21 002)	(456)	(2 354)	42	**(34 732)**

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

5 Segment information (continued)

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

Year ended 31 December 2020	Aviation Support Services	Aviation Logistics and Distribution Services	Aircraft Trading and Portfolio Management	Unallocated	Total
Europe	150 951	278 514	86 004	11 517	**526 986**
Americas	5 186	22 214	-	-	**27 400**
Asia	30 389	41 587	21	11	**72 009**
CIS	34 662	421	2 282	56	**37 422**
Africa	7 343	23 765	-	-	**31 108**
Australia and pacific islands	70	676	-	-	**747**
Total	**228 601**	**367 177**	**88 307**	**11 584**	**695 672**

Year ended 31 December 2019	Aviation Support Services	Aviation Logistics and Distribution Services	Aircraft Trading and Portfolio Management	Unallocated	Total
Europe	263 858	108 266	67 102	905	**440 131**
Americas	6 912	4 057	-	-	**10 970**
Asia	46 652	24 303	-	9	**70 965**
CIS	59 547	636	2 321	34	**62 539**
Africa	16 157	5 321	361	-	**21 839**
Australia and pacific islands	127	728	-	-	**856**
Total	**393 253**	**143 313**	**69 784**	**949**	**607 300**

For management purpose from 1 January 2020 the Group changed the method for calculating inter-segment transactions and activities which are not related with aviation were reclassified to "Unallocated" segment. The table below present revenue from external customers by geographical location of subsidiaries and by business segments for year ended 31 December 2019 which have been adjusted according to a new calculation method to be comparable with the current year's disclosure:

Year ended 31 December 2019	Aviation Support Services	Aviation Logistics and Distribution Services	Aircraft Trading and Portfolio Management	Unallocated	Total
Europe	257 016	108 266	67 102	7 747	**440 131**
Americas	6 912	4 057	-	-	**10 970**
Asia	46 631	24 303	-	31	**70 965**
CIS	59 494	636	2 321	87	**62 539**
Africa	16 157	5 321	361	-	**21 839**
Australia and pacific islands	127	728	-	-	**856**
Total	**386 338**	**143 313**	**69 784**	**7 865**	**607 300**

5 Segment information (continued)

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

	31 December 2020	31 December 2019
Trade receivables	69 966	65 219
Contract assets	10 128	7 376
Contract liabilities	33 360	66 098

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.

Contract assets	**31 December 2020**	**31 December 2019**
Contract costs incurred and recognised profits (less losses) to date	14 836	9 371
Advances received	(4 446)	(1 917)
Less: provision for impairment	(262)	(78)
Current contract assets from contracts with customers	**10 128**	**7 376**

The contract liabilities primarily relate to the advance consideration received from customers for goods and services and is recognised revenue when the promised goods or services are delivered in the future.

Contract liabilities	**31 December 2020**	**31 December 2019**
Deferred revenue	9 072	12 984
Advances received	24 287	53 079
Advances received from related parties	1	35
Total contract liabilities	**33 360**	**66 098**

The amount of revenue recognised during 2020 from performance obligations satisfied that was included in the contract liabilities as at the beginning of the period is EUR 60 109 thousand (2019: EUR 62 412 thousand).

The following table shows unsatisfied performance obligations by segments:

Aviation Support Services	**31 December 2020**
Aggregate amount of contracts that are partially or fully unsatisfied as at 31 December 2020	147
Amount of contracts that is expected to be partially or fully satisfied during 2021	(147)

Aviation Support Services	**31 December 2019**
Aggregate amount of contracts that are partially or fully unsatisfied as at 31 December 2019	18 648
Amount of contracts that is expected to be partially or fully satisfied during 2020	(16 265)
Amount of contracts that will be partially or fully satisfied during 2021	(2 383)

5 Segment information (continued)

Aviation Logistics and Distribution Services	**31 December 2020**
Aggregate amount of contracts that are partially or fully unsatisfied as at 31 December 2020	11 153
Amount of contracts that is expected to be partially or fully satisfied during 2021	(11 153)

Aviation Logistics and Distribution Services	**31 December 2019**
Aggregate amount of contracts that are partially or fully unsatisfied as at 31 December 2019	4 791
Amount of contracts that is expected to be partially or fully satisfied during 2020	(4 791)

Unallocated	**31 December 2020**
Aggregate amount of contracts that are partially or fully unsatisfied as at 31 December 2020	24
Amount of contracts that is expected to be partially or fully satisfied during 2021	(24)

The Group's revenue from external customers by geographical location of customers on 31 December 2020 and 31 December 2019 detailed below:

	2020	**2019**
Germany	163 040	59 103
Ireland	97 365	92 154
United Kingdom	46 350	56 745
Russia	28 205	48 429
Hong Kong	26 433	644
Belgium	25 643	19 608
Kenya	21 555	4 018
Netherlands	20 011	8 277
United States of America	19 473	6 213
Hungary	16 388	23 483
Lithuania	16 060	34 180
Norway	15 087	5 224
Ukraine	14 974	22 988
Italy	13 923	5 633
France	11 693	6 830
Latvia	11 319	28 719
Sweden	10 672	2 768
Estonia	10 218	19 763
Vietnam	10 164	23 299
Poland	9 313	6 534
Other countries	107 786	132 688
	695 672	**607 300**

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

5 Segment information (continued)

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 business segment:

Aviation Support Services segment	**2020**	**2019**
Other customers	239 917	393 254
	239 917	**393 254**

Aviation Logistics and Distribution Services segment	**2020**	**2019**
Customer AR	73 549	15 350
Other customers	224 299	127 963
	297 848	**143 313**

Aircraft Leasing, Trading and Management segment	**2020**	**2019**
Customer AT (new)	85 761	
Customer AM	-	66 847
Other customers	2 547	2 937
	88 308	**69 784**

EUR 85 761 thousand revenue out of total consolidated EUR 695 672 thousand revenue (or around 12 per cent) was received from Customer AT during 2020 and EUR 73 549 thousand revenue out of total consolidated EUR 695 672 thousand revenue (or around 11 per cent) was received from Customer AR (EUR 66 847 thousand revenue out of total consolidated EUR 607 300 thousand revenue (or around 11 per cent) was received from a single Customer AM during 2019).

6 Other income	**2020**	**2019**
Penalty income*	9 784	15
Interest income on loans	2 283	552
Amortisation of government grants (Note 19)	238	243
Government grants	75	-
Other income	838	69
	13 218	**879**

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

7 Employee related expenses	**2020**	**2019**
Wages and salaries	145 282	90 828
Government grants for wages and salaries	(16 311)	-
Social insurance expenses	15 522	5 250
Pension reserve expenses	519	55
Contributions to defined contribution pension schemes	451	509
Benefit related to option scheme (Note 35)	271	60
	145 734	**96 702**
Number of full-time employees at the end of year	**3 983**	**3 467**
Average of full-time employees during the period	**3 927**	**2 788**

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

8 Depreciation and amortisation

	2020	2019
Depreciation of right-of-use asset (IFRS16)	77 480	26 258
Depreciation of tangible assets (Note 16)	19 345	7 406
Amortisation of intangible assets (Note 17)	2 380	1 068
	99 205	**34 732**

9 Other gains / (losses) – net

	2020	2019
Net gain from COVID-19 related rent concessions	12 853	-
Net gain on disposal of subsidiaries (Note 33)	3 829	-
Gains/losses from IFRS16 due to lease termination	2 579	-
Net gain on sales of inventory and other current assets	83	1 407
Net gain on sales of non-current assets	3	1 738
Net foreign exchange loss on operating activities	(5 572)	(1 761)
Gains/losses from IFRS16 due to lease modification	(1 536)	-
Net gain/(loss) on sales of financial assets	(2 426)	(6)
Other gain/(loss)	2 208	(88)
	12 021	**1 290**

10 Cost of goods and services

	2020	2019
Aircraft fuel expenses	92 407	140 014
Cost of purchased services	76 031	88 330
Costs of aircraft sold	63 449	44 828
Rent of aircraft, training and other equipment and lease related services	61 605	11 010
Cost of goods purchased	51 493	79 806
Aircraft repair and maintenance costs	36 546	16 865
Employee rent and other related personnel expenses	16 400	14 514
Aircraft operations costs and flight related charges	12 210	10 923
Rent and maintenance of premises	10 597	6 312
Government grants	(2 371)	-
	418 367	**412 602**

11 Other operating expenses

	2020	2019
Consultation expenses	14 019	6 698
Office administrative, communications and IT expenses	7 598	4 101
Insurance expenses	7 369	2 853
Transportation and related expenses	4 830	5 251
Business travel expenses	3 505	6 258
Marketing and sales expenses	2 351	4 051
VAT expenses	671	1 175
Other expenses	6 253	4 354
	46 596	**34 741**

Consultation expenses include statutory audit fees for the audit of the annual financial statements for amount of EUR 1.0 million, for the year 2020 (EUR 0.6 million for the year 2019).

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

12 Finance income and costs

	2020	2019
Profit from bonds repurchase	6 073	-
Foreign exchange gain on financing activities	3 839	1 968
Interest income on cash and cash equivalents	1 253	256
Gain from fair value recognized in profit and loss	151	-
Other finance income	955	826
Finance income	**12 271**	**3 050**
Interest expenses on borrowings	(23 114)	(4 500)
Interest expenses on lease liabilities (IFRS16)	(14 820)	(4 469)
Other finance costs	(721)	(979)
Finance costs	**(38 655)**	**(9 948)**
Finance costs – net	**(26 384)**	**(6 898)**

13 Income tax and deferred income tax

	2020	2019
Current income tax	(17 101)	(6 895)
Deferred income tax (Note 30)	11 305	1 183
Total income tax expenses	**(5 796)**	**(5 712)**

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

13 Income tax and deferred income tax (continued)

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

	2020	**2019**
Profit (loss) before tax from continuing operations	**(45 809)**	**17 842**
Tax calculated at a tax rate 15 % in Lithuania	(3 768)	(1 320)
Tax calculated at a tax rate 20 % in Vietnam	(145)	43
Tax calculated at a tax rate 19 % in Poland	55	440
Tax calculated at a tax rate 18 % in Ukraine	(1 371)	(296)
Tax calculated at a tax rate 20 % in Russia	(327)	27
Tax calculated at a tax rate 19 % in United Kingdom	9 373	(258)
Tax calculated at a tax rate 30 % in Germany	4 319	(1 955)
Tax calculated at a tax rate 30% in Nigeria	5	(13)
Tax calculated at a tax rate 12.5 % in Cyprus	(739)	498
Tax calculated at a tax rate 25% in Indonesia	(81)	(477)
Tax calculated at a tax rate 19% in Czech Republic	69	(66)
Tax calculated at a tax rate 20% in Thailand	(2)	(4)
Tax calculated at a tax rate 25 % in Ireland	(2 507)	526
Tax calculated at a tax rate 25 % in Austria	4	(6)
Tax calculated at a tax rate 12 % in Croatia	(8)	-
Tax calculated at a tax rate 16,5 % in Hong Kong	(96)	11
Tax calculated at a tax rate 29 % in Belgium	236	(38)
Tax calculated at a tax rate 25 % in China	-	(4)
Tax calculated at a tax rate 28 % in South Africa	29	(14)
Tax calculated at a tax rate 25 % in Spain	298	-
Tax calculated at a tax rate 27 % in USA	969	(105)
Tax calculated at a tax rate 30 % in Australia	69	(3)
Tax calculated at a tax rate 35 % in Malta	(556)	43
Tax calculated at a tax rate 21 % in Slovakia	6	-
Tax calculated at a tax rate 17 % in Singapore	324	-
Tax calculated at a tax rate 15 % in Iraq	(2)	-
Tax calculated at a tax rate 26.50 % in Canada	85	-
Tax calculated at a tax rate 22 % in Denmark	(2 214)	-
Tax calculated at a tax rate 20 % in Finland	(268)	-
Tax calculated at a tax rate 22 % in Norway	38	-
Tax calculated at a tax rate 21,4 % in Sweden	(367)	-
Tax calculated at a tax rate 20 % in Iceland	6	-
Tax calculated at a tax rate 24 % in Italy	(82)	-
Tax calculated at a tax rate 16 % in Romania	(2)	-
Tax effects of:		
- Expenses non-deductible for tax purposes	3 895	(2 506)
- Write off of previously recognised deferred tax assets	24	(10)
- Deferred tax assets not recognised	2 238	(514)
- Non-taxable income	(1 530)	484
- Adjustment in respect of prior year	109	250
- Impact of foreign exchange differences	(94)	(1 087)
- Other differences	(2 196)	642
Total income tax expenses	**5 796**	**(5 712)**

14 Impairment-related expenses

	2020	2019
Impairment of prepayments	247	(298)
Impairment of inventories	(4 170)	(1 428)
Impairment of other financial assets	(7 969)	402
Impairment of other assets	(1)	(1 773)
Impairment of non-current assets	(1 419)	(37)
Impairment of goodwill	(2 000)	-
Impairment of trade receivables and other contract assets	(13 932)	(1 791)
Total impairment-related expenses	**(29 244)**	**(4 925)**

15 Earnings per share

Basic earnings per share (EPS) amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year. There were no dilutive instruments, thus earnings per share equals diluted earnings per share as at 31 December 2020 and 2019.

	2020	2019
Profit (loss) for the year attributable to equity holders of the parent	(59 800)	11 287
Weighted average number of ordinary shares (thousand)	77 414	23 776
Basic and diluted earnings per share	**(0.773)**	**0.475**

16A Property, plant and equipment

	Buildings and structures	Machi-nery	Vehicles	Other tangible fixed assets	Lease-hold improve-ments	Prepayments and assets under preparation for use	Aircraft	Aircraft engines	Land	Construc-tion in progress	Total
Opening net book amount as at 1 January 2019	**12 251**	**19 300**	**20 552**	**7 475**	**369**	**323**	**1 956**	**103**	**-**	**120**	**62 449**
Acquisitions of subsidiaries (Note 33)	15 737	-	341	7 063	5 491		8 102	46	1 262	1 502	**39 544**
Additions (Note 5)	147	778	412	4 699	909	6 373	11 866	2	-	965	**26 151**
Reclassified to/from right-of-use assets	-	(12 682)	(17 799)	(154)	-	-	3 117	-	-	-	**(27 518)**
Disposals	(14)	(39)	(42)	(1 435)	(466)	(182)	(556)	-	-	-	**(2 734)**
Reclassifications	845	(3 398)	-	654	(73)	1 884	1 896	-	-	(1 234)	**574**
Write-offs	-	(14)	(12)	(30)	(51)	-	-	-	-	(11)	**(118)**
Cumulative currency differences	(272)	79	109	193	(101)	(10)	(51)	(1)	(26)	(8)	**88**
Depreciation charge (Notes 5, 8)	(857)	(1 029)	(681)	(2 653)	(1 159)	-	(943)	(7)	-	-	**(7 329)**
Closing net book amount as at 31 December 2019	**27 837**	**2 995**	**2 880**	**15 812**	**4 919**	**8 388**	**25 387**	**143**	**1 236**	**1 334**	**90 931**
At 31 December 2019											
Cost	35 094	11 790	6 215	27 192	6 289	8 388	26 888	395	1 236	1 421	**124 908**
Accumulated depreciation	(7 257)	(8 795)	(3 335)	(11 380)	(1 370)	-	(1 501)	(252)	-	(87)	**(33 977)**
Net book amount at 31 December 2019	**27 837**	**2 995**	**2 880**	**15 812**	**4 919**	**8 388**	**25 387**	**143**	**1 236**	**1 334**	**90 931**

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

16A Property, plant and equipment (continued)

	Buildings and structures	Machi-nery	Vehicles	Other tangible fixed assets	Lease-hold improve-ments	Prepayments and assets under preparation for use	Aircraft	Aircraft engines	Land	Construc-tion in progress	Total
Opening net book amount as at 1 January 2020	**27 837**	**2 995**	**2 880**	**15 812**	**4 919**	**8 388**	**25 387**	**143**	**1 236**	**1 334**	**90 931**
Acquisitions of subsidiaries (Note 33)	10 850	7 017	5	1 950	18	-	-	360	-	-	**20 200**
Additions (Note 5)	5 027	5 649	28 513	7 468	457	18 372	30 771	277	1 846	690	**99 608**
Disposals	-	(94)	(6 265)	(327)	(1 440)	-	(245)	-	-	(310)	**(8 681)**
Disposals of subsidiaries (Note 33)	(437)	(472)	(27)	(94)	-	-	-	-	-	-	**(1 030)**
Reclassifications	2 039	2 820	16 755	(1 256)	1 351	(6 458)	(57)	13	-	(509)	**12 692**
Write-offs	-	(6)	(1)	(478)	-	(192)	-	-	-	-	**(677)**
Impairment loss (recognized) / reversed	-	-	-	-	-	-	(1 403)	-	-	-	**(1 403)**
Cumulative currency differences	(1 086)	19	(2 624)	(325)	(267)	(34)	(2 520)	(51)	(99)	(9)	**(6 995)**
Depreciation charge (Notes 5, 8)	(1 830)	(1 928)	(2 657)	(5 530)	(2 472)	(6)	(4 280)	(123)	-	-	**(18 826)**
Closing net book amount as at 31 December 2020	**42 400**	**16 000**	**36 579**	**17 220**	**2 566**	**20 070**	**47 653**	**619**	**2 983**	**1 196**	**187 286**
At 31 December 2020											
Cost	50 960	26 027	43 028	35 413	6 616	20 070	55 083	1 048	2 983	1 283	**242 511**
Accumulated depreciation	(8 560)	(10 027)	(6 449)	(18 193)	(4 050)	-	(6 064)	(429)	-	(87)	**(53 859)**
Accumulated impairment	-	-	-	-	-	-	(1 366)	-	-	-	**(1 366)**
Net book amount at 31 December 2020	**42 400**	**16 000**	**36 579**	**17 220**	**2 566**	**20 070**	**47 653**	**619**	**2 983**	**1 196**	**187 286**

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

16B Property, plant and equipment (continued)

Right-of-use assets	Buildings and structures	Machi-nery	Vehicles	Other tangible fixed assets	Leasehold improvements	Aircraft	Aircraft engines	Land	Total
Opening net book amount as at 1 January 2019	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Additions (Note 5)	15 070	6 887	29 233	36	1 428	15 953	350	649	**69 606**
Acquisitions of subsidiaries (Note 33)	3 169	-	11	2 788	1 690	198 857	702	16	**207 233**
Reclassified to/from Property, plant and equipment	-	12 683	17 799	154	-	(3 117)	-	-	**27 519**
Contract modification / termination	(255)	-	(27)	-	(347)	(3 386)	-	-	**(4 015)**
Cumulative currency differences	39	56	755	(143)	(49)	(2 376)	(12)	-	**(1 730)**
Depreciation charge (Notes 5, 8)	(3 248)	(848)	(3 042)	(145)	(203)	(18 224)	(531)	(17)	**(26 258)**
Closing net book amount as at 31 December 2019	**14 775**	**18 778**	**44 729**	**2 690**	**2 519**	**187 707**	**509**	**648**	**272 355**
At 31 December 2019									
Cost	18 041	20 014	50 070	2 973	2 720	206 165	1 037	665	**301 685**
Accumulated depreciation	(3 266)	(1 236)	(5 341)	(283)	(201)	(18 458)	(528)	(17)	**(29 330)**
Net book amount at 31 December 2019	**14 775**	**18 778**	**44 729**	**2 690**	**2 519**	**187 707**	**509**	**648**	**272 355**

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

16B Property, plant and equipment (continued)

Right-of-use assets	**Buildings and structures**	**Machi-nery**	**Vehicles**	**Other tangible fixed assets**	**Leasehold improvements**	**Aircraft**	**Aircraft engines**	**Land**	**Total**
Opening net book amount as at 1 January 2020	**14 775**	**18 778**	**44 729**	**2 690**	**2 519**	**187 707**	**509**	**648**	**272 355**
Additions (Note 5)	11 639	9 116	8 118	869	2 384	11 893	-	89	**44 108**
Acquisitions of subsidiaries (Note 33)	2 246	5 280	62	152	-	22 427	-	117	**30 284**
Disposals of subsidiaries (Note 33)	(43)	(2 205)	(898)	-	-	-	-	-	**(3 146)**
Impairment loss (recognized) / reversed	-	-	-	-	-	(3)	-	-	**(3)**
Reclassified to/from Property, plant and equipment	(9)	1 395	(16 937)	3	(1 192)	(344)	-	-	**(17 084)**
Contract modification / termination	(2 669)	(978)	(4 620)	(22)	-	(64 441)	-	(147)	**(72 877)**
Cumulative currency differences	(444)	(448)	(2 955)	(15)	(159)	(6 485)	(8)	2	**(10 512)**
Depreciation charge (Notes 5, 8)	(5 321)	(2 687)	(3 129)	(1 081)	(2 077)	(62 666)	(501)	(18)	**(77 480)**
Closing net book amount as at 31 December 2020	**20 174**	**28 251**	**24 370**	**2 596**	**1 475**	**88 088**	**-**	**691**	**165 645**
At 31 December 2020									
Cost	26 367	32 329	28 670	4 560	3 592	125 588	979	722	**222 807**
Accumulated depreciation	(6 193)	(4 078)	(4 300)	(1 964)	(2 117)	(37 497)	(979)	(31)	**(57 159)**
Accumulated impairment	-	-	-	-	-	(3)	-	-	**(3)**
Net book amount at 31 December 2020	**20 174**	**28 251**	**24 370**	**2 596**	**1 475**	**88 088**	**-**	**691**	**165 645**

16C Property, plant and equipment (continued)

Investment property	2020	2019
Opening net book amount as at 1 January 2020	**11 842**	**-**
Acquisitions of subsidiaries (Note 33)	-	8 608
Additions (Note 5)	538	4 325
Reclassifications	(2 006)	(779)
Cumulative currency differences	277	(235)
Depreciation charge (Notes 5, 8)	(519)	(77)
At 31 December 2020	**10 132**	**11 842**
Cost	13 605	11 919
Accumulated depreciation	(3 473)	(77)
Net book amount at 31 December 2020	**10 132**	**11 842**

As at 31 December 2020 and at 31 December 2019 the investment properties were office building in Cyprus. During 2020 rental income from investment property amounted to EUR 67 thousand (2019: EUR 17 thousand).

As at 31 December 2020 buildings and investment property of the Group with the carrying amounts of EUR 29.8 million (as at 31 December 2019: EUR 2.9 million), machinery, vehicles and aircraft of the Group with the carrying amounts of EUR 25 million (as at 31 December 2019: 12.9 million) were pledged to the bank as collateral for borrowings (Note 27).

17 Intangible assets

	Licences	Goodwill	Soft-ware	Website	Other intangible assets	Prepayments relating to intangible assets	Total
Opening net book amount as at 1 January 2019	**303**	**3 909**	**1 707**	**246**	**115**	**683**	**6 963**
Acquisitions (disposals) of subsidiaries	63	63 065	1 320	-	1 597	-	**66 045**
Additions (Note 5)	208	-	1 349	98	500	374	**2 529**
Reclassifications	(29)	-	38	-	(23)	69	**55**
Write-offs	(12)	-	-	-	-	(3)	**(15)**
Disposals	-	-	(46)	-	-	-	**(46)**
Cumulative currency differences	(2)	(80)	40	-	(13)	4	**(51)**
Amortisation charge (Note 5, 8)	(188)	-	(678)	(82)	(120)	-	**(1 068)**
Closing net book amount as at 31 December 2019	**343**	**66 894**	**3 730**	**262**	**2 056**	**1 127**	**74 412**
At 31 December 2019							
Cost	1 203	66 894	6 316	734	2 197	1 127	**78 471**
Accumulated amortisation and impairments losses	(860)	-	(2 586)	(472)	(141)	-	**(4 059)**
Net book amount	**343**	**66 894**	**3 730**	**262**	**2 056**	**1 127**	**74 412**

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

17 Intangible assets (continued)

	Licences	Goodwill	Soft-ware	Website	Customer relation-ship	Other intangible assets	Prepayments relating to intangible assets	Total
Opening net book amount as at 1 January 2020	**343**	**66 894**	**3 730**	**262**	**-**	**2 056**	**1 127**	**74 412**
Acquisitions (disposals) of subsidiaries	2 249	22 265	1 860	-	4 450	2 699	-	**33 523**
Additions (Note 5)	318	-	1 261	37	-	124	294	**2 034**
Reclassifications	-	-	540	-	-	-	(416)	**124**
Write-offs	(5)	-	(26)	-	-	-	-	**(31)**
Impairment	-	(2 000)	-	-	-	-	-	**(2 000)**
Cumulative currency differences	(15)	(2 915)	(45)	-	149	(74)	(6)	**(2 906)**
Amortisation charge (Note 5, 8)	(281)	-	(1 132)	(95)	(265)	(607)	-	**(2 380)**
Closing net book amount as at 31 December 2020	**2 609**	**84 244**	**6 188**	**204**	**4 334**	**4 198**	**999**	**102 776**
At 31 December 2020								
Cost	3 793	84 244	10 564	771	4 599	4 960	999	**109 930**
Accumulated amortisation and impairments losses	(1 184)	-	(4 376)	(567)	(265)	(762)	-	**(7 154)**
Net book amount	**2 609**	**84 244**	**6 188**	**204**	**4 334**	**4 198**	**999**	**102 776**

A segment-level summary of the goodwill allocation is presented below:

	31 December 2020	31 December 2019
Aviation Logistics and Distribution Services	51 988	50 102
Aircraft Trading and Portfolio Management	11 435	12 540
Aviation Support Services	16 698	4 252
Unallocated	4 124	-
Total goodwill	**84 245**	**66 894**

For the purpose of impairment testing, goodwill is allocated to each group's cash-generating unit (CGU). As of 31 December 2020, there were nineteen cash-generating units identified (ten as at 31 December 2019), which comprise goodwill from:

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

17 Intangible assets (continued)

	31 December 2020	31 December 2019
Chapman Freeborn Holdings Limited	20 808	21 954
Aviator Airport Group	15 666	-
Avion Express UAB	13 058	16 515
Smart Aviation Holdings SIA	11 633	11 633
AviaAM Leasing AB	11 435	12 540
Universali arena UAB, Panevėžio arena UAB, SEVEN Live UAB, Tiketa UAB	3 809	-
Tiketa Tour OÜ (previously: KIDY Tour OÜ)	2 905	2 905
Blafugl ehf (Bluebird Nordic)	1 608	-
Arcus-Air-Logistic GmbH	1 080	-
Storm Aviation Ltd.	703	703
Arcus-Air-Logistic S.L.U. – Iberica	584	-
DG21 UAB	315	315
Arcus-Air-Logistic s.r.o. - Slovakia	303	-
Baltic Ground Services LV SIA	299	299
Baltic Ground Services HR	27	28
Arcus OBC GmbH	9	-
Avia Technics Dirgantara PT	3	2
Total goodwill	**84 245**	**66 894**

For the calculation of goodwill for CGU acquired in 2020 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.

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

17 Intangible assets (continued)

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 %	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Chapman Freeborn Holdings	16,7%	-	6%	-	11%	-	49%	-	2,6%	-
Aviator Airport Group	14,4%	-	32%	-	3%	-	98%	-	2,6%	-
Avion Express	13,5%	-	62%	-	7%	-	79%	-	2,6%	-
Smart Aviation Holdings	13,1%	-	51%	-	30%	-	69%	-	2,6%	-
AviaAM Leasing	14,6%	-	(17)%	-	64%	-	61%	-	2,6%	-
Tiketa Tour (previously: KIDY Tour)	13,1%	8%	125%	2%	5%	4%	84%	80%	2,6%	2%

**Average sales annual growth rate was calculated for five-year period from 2020 untill 2025. The impact of COVID 19 effect on sales, reflected in the year 2020, had a significant impact on the rate. As explained in note 4 "Critical Accounting Estimates and Significant Judgments", due to COVID-19 situation tour operations (Tiketa Tour) and ACMI services (Avion Express, Smart Aviation Holdings) were almost suspended, the revenues in these CGU during 2020 decreased more than 80% if comparing to 2019. The management made conservative forecasts for the next five years on the assumption that revenue for tour operations will recover to pre-Covid level in 2022, the revenue for ACMI services will start to recover to 2019 levels only from 2023*

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 current industry trends and including long-term inflation forecasts.
Average EBITDA margin rate	Average EBITDA margin rate over the five-year forecast period; based on current industry trends 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 budget period.

17 Intangible assets (continued)

The estimated recoverable amount of the CGU - Chapman Freeborn Holdings exceeded its carrying amount by approximately four times as at 31 December 2020. The year 2020 were very profitable for this CGU, the revenue increased by approximately 50% EBITDA margin was about 29%. 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 conservatively, less than average experienced over the last three years. 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.

The recoverable amount calculated for Aviator Airport Group CGU exceeded its carrying amount by 30% as at 31 December 2020. This CGU was acquired by the Group in February of 2020. Aviator Airport Group is providing ground handling services and revenue growth was projected based on new contracts signed and estimated sales volumes according to Eurocontrol forecasts of future traffic. Management has identified that recoverable amount of this CGU would equal its carrying amount if pre-tax discount rate applied to the cash flow projections had been increased by approximately 3%.

Smart Aviation Holdings CGU was impacted by the spread of COVID-19 virus and the Management of the Group reassessed future forecasts based on the assumption that the level of operations will recover to pre-pandemic level only in 2023. Based on conservative estimate the recoverable amount of CGU exceeded its carrying amount as at 31 December 2020. Management has identified that recoverable amount of this CGU would equal its carrying amount if EBITDA margin rate applied to the cash flow projections had been decreased by approximately 14%. If the pre-tax discount rate applied to the cash flow projections of Smart Aviation Holdings had been 5% higher than management's estimates and other assumptions would not change, it would not have resulted in additional impairment as at 31 December 2020.

The impairment charge of EUR 2 000 thousand arose in Avion Express as at 31 December 2020. This CGU was the most significantly impacted by the spread of COVID-19 virus as a result of almost suspended ACMI services during pandemic period. Due to this situation, the Group reassessed forecasts for the next five years on the assumption that revenue and EBITDA will recover to the level of 2019 only after five years. No class of asset other than goodwill was impaired. As at 31 December 2020, the recoverable amount of the entire CGU was EUR 48 million. If the pre-tax discount rate applied to the cash flow projections of this CGU had been 3,7% higher than management's estimates (17,2% instead of 13,5%), the Group would have had to recognise an additional impairment for amount of EUR 13 058 thousand as at 30 December 2020.

The recoverable amount calculated for AviaAM Leasing CGU exceeded its carrying amount by 110% as at 31 December 2020. Budgeted EBITDA for the next five years was based on expectations of future contracts of lease and trade of commercial aircraft. The Management have considered and assessed reasonably possible changes for key assumptions. According to management estimate, no reasonable change in the assumptions used in impairment testing of the recoverable amount of CGU as of 31 December 2020 would result in material impairment.

The estimated recoverable amount of Tiketa Tour CGU exceeded its carrying amount by approximately 19 % as at 31 December 2020. Tiketa Tour is providing tour operation services offering holiday tours into Turkish resorts. The operations were also partly suspended during COVID19 period. Revenue growth was projected based on expectations of future outcomes as the Management is actively working on developing digital business model which will lead to direct and online sale boost, also new holiday destinations will be offered for customers. The Management has identified that recoverable amount of this CGU would equal its carrying amount if pre-tax discount rate applied to the cash flow projections had been increased by approximately 2% or EBITDA margin rate applied had been decreased by approximately 3%. Based on analysis performed, the Management concluded that goodwill is not impaired as at 31 December 2020 (2019: no impairment loss).

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

18 Investments in joint venture

On 25 October 2018, AVIA SOLUTIONS GROUP PLC subsidiary Storm Aviation Ltd. together with partners established a joint venture company BSTS & Storm Aviation Limited (Bangladesh). The share of equity of the Group is 49% and the Group does not have a control over an investee. Registered capital is TK 50 000 000 (equivalent of EUR 525 thousand). As at 30 September 2018 the prepayment for amount of TK 9 800 000 (equivalent to EUR 103 thousand) was made by the Group. The company is planning to provide aircraft maintenance services in Bangladesh.

Name of entity	Country of incorporation	% of ownership interest	Measurement method
BSTS & Storm Aviation Limited	Bangladesh	49	Equity

The cost of Group's investment in joint venture as at 31 December 2020 and as at 31 December 2019 amounted to EUR 103 thousand. Set out below is the summarized financial information for BSTS & Storm Aviation Limited which is accounted for using the equity method:

ASSETS	**31 December 2020**	**31 December 2019**
Property, plant and equipment	17	25
Trade and other receivables	60	45
Cash and cash equivalents	166	192
Total assets	**243**	**262**
LIABILITIES		
Total liabilities	**59**	**61**
Net assets	**184**	**201**
Share of Net assets (49%)	**90**	**99**

On 18 December 2018 AVIA SOLUTIONS GROUP PLC subsidiary FL Technics Hong Kong Limited together with partners established a joint venture company FL ARI Aircraft Maintenance & Engineering Company CO. LTD (China). The share of equity of the Group is 40% and the Group does not have a control over an investee. The joint venture company is providing aircraft maintenance services in China.

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

18 Investments in joint venture (continued)

Name of entity	Place of business/ country of incorporation	% of ownership interest	Measurement method
FL ARI Aircraft Maintenance & Engineering Company CO. LTD	China	40	Equity

The cost of Group's investment in joint venture as at 31 December 2020 amounted to EUR 2 608 thousand (as at 31 December 2019 - EUR 1 430 thousand). Set out below is the summarized financial information for FL ARI Aircraft Maintenance & Engineering Company CO. LTD which is accounted for using the equity method:

ASSETS	**31 December 2020**	**31 December 2019**
Property, plant and equipment	14 463	14 371
Deferred income tax assets	2 720	742
Trade and other receivables	782	1 591
Cash and cash equivalents	853	1 773
Total assets	**18 818**	**18 477**
LIABILITIES		
Total liabilities	**20 161**	**18 447**
Net assets	**(1 343)**	**30**
Share of Net assets (40%)	**(537)**	**12**

Statement of comprehensive income:

	2020	**2019**
Revenue	**253**	**577**
Cost of Sales	(4 283)	(2 094)
Operating Expenses	(2 732)	(2 762)
Finance income/cost	48	94
Profit before income tax	**(6 714)**	**(4 185)**
Income tax	1 722	750
Profit (loss) for the reporting period	**(4 992)**	**(3 435)**
Share of profit (loss) attributable to the reporting entity (40%)	**(1 997)**	**(1 375)**

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 34,869 thousand) as at 31 December 2020 and as at 31 December 2019. Joint venture is engaged in the business of operating leasing and management of brand new narrow and wide body aircraft.

Name of entity	Place of business/ country of incorporation	% of ownership interest	Measurement method
AviaAM Financial Leasing China Co.	China	51	Equity

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

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

18 Investments in joint venture (continued)

classified as a joint venture in consolidated financial statements and the Group does not consolidate it, but accounts using equity method.

ASSETS	**31 December 2020**	**31 December 2019**
Non-current assets		
Property, plant and equipment	679 875	800 821
Security deposits paid	6 644	6 539
	686 519	**807 360**
Current assets		
Trade and other receivables	35 292	4 966
Cash and cash equivalents	34 566	48 715
	69 858	**53 681**
Assets held for sale	7 487	**-**
Total assets	**763 864**	**861 041**
LIABILITIES		
Non-current liabilities		
Borrowings	505 913	599 081
Trade and other payables	**-**	964
Security deposits received	2 008	1 242
	507 921	**601 287**

	31 December 2020	**31 December 2019**
Current liabilities		
Borrowings	48 868	37 107
Security deposits received	1 954	2 145
Trade and other payables	4 799	4 428
Advance payments received	-	594
Current income tax liabilities	6 448	4 743
	62 069	**49 017**
Liabilities held for sale	11	
Total liabilities under PRC GAAP *	**570 001**	**650 304**
Net assets under PRC GAAP *	**193 863**	**210 737**
Net assets attributable to shareholders without voting rights (classified as debt according to IFRS)	(112 836)	(119 174)
Net assets under IFRS *	**81 027**	**91 563**
Share of Net assets (51%)	**41 324**	**46 697**
Currency exchange impact	1 994	226
Carrying value as at 31 December 2020	**43 318**	**46 923**

** PRC GAAP means the China Accounting Standards as promulgated and amended from time to time and their interpretations, guidelines and implementation rules, which collectively are accepted as generally accepted accounting principles in the People's Republic of China.*

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

18 Investments in joint venture (continued)

Statement of comprehensive income:

	2020	2019
Revenue	**81 665**	**18 360**
Other income	-	(24)
Employee related expenses	(418)	(98)
Other operating expenses	(1 293)	(505)
Depreciation and amortisation	(33 713)	(6 190)
Impairment-related expenses	(11 569)	(323)
Finance activity - net	(28 616)	(8 290)
Profit before income tax	**6 056**	**2 930**
Income tax	(4 474)	(1 663)
Profit (loss) for the reporting period	**1 582**	**1 267**
Share of profit attributable to the reporting entity	**807**	**646**
Acquisition adjustments	-	(293)
Share of profit attributable to the reporting entity adjusted	**807**	**353**

On 21 October 2019 Avia Solutions Group PLC together with partners established a joint venture company *BAA Training China Co., Ltd*. The share of equity of the Group is 50%, but the Group does not have a control over an investee. The cost of investment in joint venture amounted to EUR 272 thousand as at 31 December 2020 (as at 31 December 2019 the share capital has not been paid). The joint venture company is planning to provide aircraft crew training services in China. The joint venture company had no activities during 2020 and 2019.

Name of entity	Place of business/ country of incorporation	% of ownership interest	Measurement method
BAA Training China Co., Ltd.	China	50	Equity

19 Government grants

	2020	2019
Opening net book amount	**773**	**1 016**
Amortisation (Note 6)	(238)	(243)
Closing net book amount	**535**	**773**
Less non-current portion:	(535)	(773)
Current portion:	**-**	**-**

Government grants amortisation is recognised in "other income". In 2020, EUR 238 thousand of government grant amortisation was credited to the profit or loss on basis to match the appropriate expenses (EUR 243 thousand in 2019). The government grants received relates to the purchase of property, plant and equipment.

During 2020 the Group received grants which relates with COVID-19 to support offered by the governments in terms of employee cost compensation packages (EUR 16 311 thousand), other costs (EUR 2 371 thousand) and tax deferrals during lock downs. Grants relating to the expenses were credited to the profit or loss on basis to match the appropriate expenses, tax deferrals are recognized as current income tax liabilities.

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

20 Inventories

	2020	2019
Spare parts and materials – gross amount	37 178	32 405
Less: provision for impairment of inventories	(7 249)	(5 340)
Spare parts and materials	**29 929**	**27 065**
Goods for sale – gross amount	2 092	2 971
Less: provision for impairment of inventories	(447)	(313)
Goods for sale	**1 645**	**2 658**
Aircraft	1 750	61 028
Aircraft components	216	234
Aircraft fuel	1 056	1 954
Work in progress	480	216
Goods in transit	91	858
Other inventories	3 809	1 834
	38 976	**95 847**

The allowance for impairment of inventories in the total amount of EUR 4.2 million was additionally recognised in 2020 to represent their net realisable value (2019: EUR 1.4 million).

As at 31 December 2020 spare parts and materials of the Group with the carrying amounts of EUR 482 thousand (as at 31 December 2019: EUR 7.4 million), goods for sale, goods in transit, and other inventories of the Group with carrying amounts of EUR 1.1 million (as at 31 December 2019: EUR 1.1 million) were pledged to the bank as collateral for borrowings (Note 27).

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21 Trade and other receivables

	2020	**2019**
Trade receivables	100 445	82 133
Less: provision for impairment of trade receivables	(30 984)	(17 597)
Trade receivables – net	**69 461**	**64 536**
Prepayments	9 563	24 179
Less: provision for impairment of prepayments	(204)	(626)
Prepayments - net	**9 359**	**23 553**
Other receivables	10 245	12 934
Discounting of other receivables	(66)	(73)
Less: provision for impairment of other receivables	(2 985)	(1 908)
Other receivables – net	**7 194**	**10 953**
Trade receivables from related parties	606	722
Less: provision for impairment of trade receivables from related parties	(101)	(39)
Trade receivables from related parties - net (Note 34)	**505**	**683**
Loans granted to related parties	23 199	20 431
Less: provision for impairment of loans granted to related parties	(330)	(101)
Loans granted to related parties - net	**22 869**	**20 330**
Loans granted	25 433	21 979
Discounting of loans granted	(152)	(155)
Less: provision for impairment of loans granted	(16 912)	(10 979)
Loans granted - net	**8 369**	**10 845**
Other receivables from related parties	4 641	4 315
Discounting of other receivables from other related parties	(125)	(244)
Less: provision for impairment of other receivables from related parties	(28)	(24)
Other receivables from related parties – net (Note 34)	**4 488**	**4 047**
VAT receivables	8 200	12 739
Receivables from investment in bonds - gross	9 792	9 792
Less: provision for impairment of receivables from investment in bonds	(9 792)	(9 792)
Receivables from investment in bonds - net	**-**	**-**
Deferred charges	14 066	12 281
Security deposit – net	14 112	23 149
Deferred charges to related parties (Note 34)	37	28
Security deposits from related parties placed – net (Note 34)	3	18
Prepayments from related parties (Note 34)	252	7
Total trade and other receivables:	**158 915**	**183 169**
Less non-current portion:	(42 091)	(40 319)
Current portion:	**116 824**	**142 850**

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

21 Trade and other receivables (continued)

Non-current portion of other receivables is disclosed below:

	2020	2019
Loans granted to related parties	22 195	13 658
Less: provision for impairment of loans granted to related parties	(326)	(69)
Loans granted to related parties - net	**21 869**	**13 589**
Loans granted	20 612	20 650
Less: provision for impairment of loans granted	(12 263)	(10 392)
Loans granted - net	**8 349**	**10 258**
Prepayments - gross	48	1 204
Less: provision for impairment of prepayments	-	-
Prepayments - net	**48**	**1 204**
Security deposits from related parties placed – net (Note 35)	-	-
Security deposit – net	7 479	14 054
Other receivables	4 659	534
Less: provision for impairment of other receivables	(2 457)	(130)
Other receivables – net	**2 202**	**404**
Other receivables from related parties	2 155	815
Less: provision for impairment of other receivables from related parties	(11)	(5)
Other receivables from related parties – net	**2 144**	**810**
Total	**42 091**	**40 319**

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

	2020	2019
Financial trade and other receivables		
Trade receivables	69 461	64 536
Trade receivables from related parties (Note 35)	505	683
Other receivables	6 918	10 543
Loans granted to related parties (Note 35)	22 869	20 330
Other receivables from related parties (Note 35)	4 488	4 047
Security deposits	-	23 149
Loans granted	8 369	10 845
Non-financial trade and other receivables		
Prepayments	9 359	23 553
Other non-financial receivables	276	410
VAT receivables	8 200	12 739
Deferred charges	14 066	12 281
Security deposits	14 112	-
Deferred charges to other related parties (Note 35)	37	28
Security deposit with lessor from related parties (Note 35)	3	18
Prepayments to other related parties (Note 35)	252	7
Total	**158 915**	**183 169**

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

21 Trade and other receivables (continued)

All non-current receivables as at 31 December 2020 are due until 2025. All non-current receivables as at 31 December 2019 were due until 2025. 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 6.46% (2019: 6.52%). The weighted average interest rate of loans granted to related parties was 4.26% (2019: 3.25%).

As at 31 December 2020 trade receivables of the Group with the carrying amounts of EUR 1.3 million (as at 31 December 2019: EUR 5.6 million) and other receivables of the Group with the carrying amounts of EUR 1.4 million (as at 31 December 2019: EUR 1.7 million) were pledged to the bank as collateral for bank borrowings and overdraft (Note 27).

The carrying amounts of the Group's trade and other financial receivables, trade receivables and other financial receivables from related parties, loans granted, loans granted to related parties, amount due from customers for contract work are denominated in the following currencies:

	2020	**2019**
EUR	50 382	43 732
US dollars	58 372	64 670
GBP	4 113	7 996
PLN	-	135
RUB	407	-
SEK	5 077	-
Other	4 390	1 827
	122 741	**118 360**

22 Contracts in progress

	2020	**2019**
Contract costs incurred and recognised profits (less losses) to date	14 836	9 371
Advances received on contracts in progress	(4 446)	(1 917)
Less: provision for impairment of amounts due from customers on contracts in progress	(262)	(78)
Amounts due from customers on contracts in progress	**10 128**	**7 376**

23 Cash and cash equivalents

	2020	**2019**
Cash in bank	177 914	216 833
Cash on hand	438	419
Cash and cash equivalents	**178 352**	**217 252**
Bank overdraft (Note 27)	(500)	(5 163)
Total	**177 852**	**212 089**

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

23 Cash and cash equivalents (continued)

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

	2020	2019
EUR	45 090	39 021
US dollars	123 206	173 556
PLN	1 301	206
GBP	2 433	1 627
RUB	97	319
Other	6 225	2 523
	178 352	**217 252**

24 Share capital and Share premium

On 31 December 2020 and on 31 December 2019 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.

As at 31 December 2020 the Group had 370 014 treasury shares (270 014 as at 31 December 2019) which are deducted from the equity attributable to the Group's equity holders.

None of the shareholders of the Company have any special controlling rights. Rights of all shareholders are equal. One ordinary registered share of AVIA SOLUTIONS GROUP PLC gives one vote in the General Meeting of Shareholders. As mentioned above one of the Company's' subsidiary owned 370 014 shares of the Company as at 31 December 2020.

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 31 December 2020 and on 31 December 2019 the share premium of *the Company* amounted to EUR 282 158 thousand. During 2020 there was no movement of share premium.

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).

Other reserves are formed for option agreements which give the right for the Group employees to put back acquired shares of the Company during the period from 2019 to 2024 (Note 35).

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

26 Non-controlling interests

Non-controlling interests

Name	Country of incorporation	Operating segment	Ownership interest held by NCI (in %) 2020	2019
Baltic Ground Services UA TOV	Ukraine	Aviation Supporting Services	-	50
Baltic Ground Services LV SIA	Latvia	Aviation Supporting Services	49	49
FL Technics Line OOO	Russia	Aviation Supporting Services	7	7
Locatory.com UAB	Lithuania	Aviation Supporting Services	1	5
Avia Technics Dirgantara PT.	Indonesia	Aviation Supporting Services	33	33
AviaAM Leasing AB	Lithuania	Aircraft Trading and Portfolio Management	1,16	1,16
Chapman Freeborn Airchartering BV	Belgium	Aviation Logistics and Distribution Services	20	20
Chapman Freeborn Airchartering S.p z.o.o	Poland	Aviation Logistics and Distribution Services	-	15
Intradco Cargo Services Limited	The United Kingdom	Aviation Logistics and Distribution Services	25	25
Logik Logistics International Limited	The United Kingdom	Aviation Logistics and Distribution Services	-	20
Zeusbond Limited	The United Kingdom	Aviation Logistics and Distribution Services	25	25
Magma Aviation Limited	The United Kingdom	Aviation Logistics and Distribution Services	-	25

Set out below is the summarized financial information for non-controlling interests:

Year ended 31 December 2020	Baltic Ground Services TOV UA	Baltic Ground Services LV SIA	FL Technics Line OOO	Locatory.com UAB	Avia Technics Dirgantara PT.	AviaAM Leasing AB	Chapman Freeborn Airchartering BV	Chapman Freeborn Airchartering S.p z.o.o	Intradco Cargo Services Limited	Zeusbond Limited	Logik Logistics International Limited	Magma Aviation Limited
Non-current assets	-	144	-	1 348	7 098	167 246	65	-	634	1	-	-
Current assets	-	1 272	43	698	3 805	53 223	1 326	-	2 858	55	-	-
Non-current liabilities	-	-	-	(755)	(3 741)	(14 413)	-	-	-	-	-	-
Current liabilities	-	(300)	(44)	(3 159)	(9 258)	(29 908)	(993)	-	(1 339)	-	-	-
Net assets	**-**	**1 115**	**(1)**	**(1 868)**	**(2 097)**	**176 148**	**398**	**-**	**2 153**	**56**	**-**	**-**
Net assets attributable to NCI	**-**	**546**	**-**	**(19)**	**(691)**	**1 957**	**80**	**-**	**538**	**14**	**-**	**-**
Revenue	4 054	6 133	86	1 301	7 577	92 117	1 692	2 186	3 186	-	288	203 109
Profit	(240)	38	431	32	(429)	15 290	698	1 040	1 403	-	26	34 773
Profit allocated to NCI	**(120)**	**19**	**30**	**-**	**(141)**	**277**	**140**	**181**	**306**	**-**	**5**	**7 497**
Dividends paid to NCI	**-**	**-**	**-**	**-**	**-**	**-**	**168**	-	**139**	**-**	**-**	**368**

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

26 Non-controlling interests (continued)

Year ended 31 December 2019	Baltic Ground Services TOV UA	Baltic Ground Services LV SIA	FL Technics Line OOO	Locatory.com UAB	Avia Technics Dirgantara PT.	AviaAM Leasing AB	Chapman Freeborn Aircharter ing BV	Chapman Freeborn Aircharter ing S.p z.o.o	Intradco Cargo Services Limited	Logik Logistics International Limited	Zeusbond Limited	Magma Aviation Limited
Non-current assets	256	183	1	820	2 960	149 753	91	7	593	45	1	224
Current assets	2 581	1 597	93	417	4 625	124 071	1 122	938	2 356	1886	58	20 879
Non-current liabilities	-	-	-	(817)	-	(13 811)	-	-	-	-	-	-
Current liabilities	(2 520)	(703)	(610)	(2 320)	(9 440)	(82 628)	(667)	(495)	(1 368)	(1 590)	-	(11 407)
Net assets	**317**	**1 077**	**(516)**	**(1 900)**	**(1 855)**	**177 385**	**546**	**450**	**1 581**	**341**	**59**	**9 696**
Net assets attributable to NCI	**166**	**528**	**(36)**	**(19)**	**(612)**	**1 874**	**109**	**68**	**395**	**68**	**15**	**2 424**
Revenue	18 391	26 591	159	1 255	10 499	70 163	545	193	435	434	-	32 772
Profit	153	87	(49)	(319)	1 683	13 356	99	(65)	(146)	57	-	159
Profit allocated to NCI	**76**	**43**	**(3)**	**(8)**	**555**	**155**	**20**	**(10)**	**(37)**	**11**	**-**	**40**

27 Borrowings

	2020	2019
Non-current		
Bank borrowings	15 890	8 906
Lease liabilities	115 846	161 201
Bonds issued	219 273	261 411
Borrowings from related parties	-	-
Other borrowings	32	-
	351 041	**431 518**
Current		
Bank overdraft (Note 23)	500	5 163
Bank borrowings	3 074	1 511
Lease liabilities	49 977	75 992
Borrowings from related parties	-	-
Other current borrowings	1 992	143
	55 543	**82 809**
Total borrowings	**406 584**	**514 327**

As at 31 December 2020 buildings and machinery (Note 16), inventories (Note 20) and trade receivables (Note 21) of the Group with the carrying amounts of EUR 32.8 million were pledged to the bank as collateral for bank borrowings. As at 31 December 2019 buildings and machinery (Note 16), inventories (Note 20) and trade receivables (Note 21) of the Group with the carrying amounts of EUR 31.6 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. The notes were issued in the Euronext Dublin.

The Company or its subsidiaries may, at any time and from time to time, seek to retire or purchase outstanding debt (including bonds) through cash purchases, in open-market purchases, privately negotiated transactions or otherwise. Such repurchases, if any, will be upon such terms and at such prices as we may determine, and will depend on prevailing market conditions, our liquidity requirements, contractual restrictions and other factors.

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

27 Borrowings (continued)

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

	2020	2019
EUR	53 871	43 803
US dollars	332 819	460 469
RUB	595	3 003
GBP	2 356	4 300
SEK	1 754	-
PLN	-	409
Other	15 189	2 343
	406 584	**514 327**

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:

	2020	2019
Less than 1 year	55 543	83 886
Between 1 and 5 years	339 787	410 985
Over 5 years	11 255	19 456
	406 584	**514 327**

Bank overdraft amounting to EUR 500 thousand as at 31 December 2020 (2019: EUR 5.1 million) is extended every 12 months according to the agreements with the bank.

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

	2020	2019
Finance lease liabilities	7.51%	8.06%
Bank overdraft	3.00%	3.00%
Bank borrowings	4.36%	3.43%
Bonds issued	8.50%	8.50%
Borrowings from related parties	-	-

As at 31 December 2020 and 2019 borrowings from related parties are not secured.

Finance lease liabilities – minimum lease payments:

	2020	2019
Not later than 1 year	61 497	96 333
After 1 year but not later than 5 years	126 138	181 850
After 5 years	14 069	28 056
Less: future finance lease charges	(35 880)	(69 046)
Present value of finance lease liabilities	**165 824**	**237 193**
Present value of finance lease liabilities:		
Not later than 1 year	49 978	77 068
After 1 year but not later than 5 years	104 592	140 731
After 5 years	11 255	19 394
	165 824	**237 193**

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

27 Borrowings (continued)

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

	Bank over-draft	Bank borro-wings	Bonds	Other borro-wings	Finance lease liabilities	Total	Cash and cash equi-valents	Net Debt
Balance as at 1 January 2020	**5 163**	**10 417**	**261 411**	**143**	**237 193**	**514 327**	**217 252**	**297 075**
Changes from financing cash flows	-	7 816	(15 578)	1 782	(37 801)	**(43 781)**	-	**(43 781)**
Changes arising from obtaining or losing control of subsidiaries (Note 33)	-	1 439	-	27	29 397	**30 863**	1 575	**29 288**
Foreign exchange adjustments	-	(531)	(21 772)	72	(13 000)	**(35 231)**	-	**(35 231)**
Change in bank overdraft and cash	(4 663)	-	-	-	-	**(4 663)**	(40 475)	**35 812**
New leases	-	-	-	-	41 688	**41 688**	-	**41 688**
Other non-cash changes	-	(177)	(4 788)	-	(91 654)*	**(96 619)**	-	**(96 619)**
Balance as at 31 December 2020	**500**	**18 964**	**219 273**	**2 024**	**165 823**	**406 584**	**178 352**	**228 232**

**Other non-cash changes from finance lease liabilities amount includes EUR 73 million for lease termination most in Aviation Logistics and Distribution Services and customized discount because of COVID-19 to lease agreements amounted to EUR 12 million.*

	Bank over-draft	Bank borro-wings	Borro-wings from related parties	Bonds	Other borro-wings	Finance lease liabilities	Total	Cash and cash equi-valents	Net Debt
Balance as at 1 January 2019	**24 351**	**10 551**	**2 349**	**-**	**26**	**13 821**	**51 098**	**7 717**	**43 381**
Changes from financing cash flows	-	(3 765)	1 065	264 457	-	(30 873)	**230 884**	-	**230 884**
Changes arising from obtaining or losing control of subsidiaries (Note 33)	-	7 208	438	-	142	197 863	**205 651**	127 284	**78 367**
Foreign exchange adjustments	-	(101)	-	(3 046)	-	(502)	**(3 649)**	-	**(3 649)**
Change in bank overdraft and cash	(19 188)	-	-	-	-	-	**(19 188)**	82 251	**(101 439)**
New leases	-	-	-	-	-	56 956	**56 956**	-	**56 956**
Other non-cash changes	-	(3 476)	(3 852)	-	(25)	(72)	**(7 425)**	-	**(7 425)**
Balance as at 31 December 2019	**5 163**	**10 417**	**-**	**261 411**	**143**	**237 193**	**514 327**	**217 252**	**297 075**

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

28 Trade and other payables

	2020	2019
Trade payables	59 653	56 999
Accrued expenses	42 607	33 340
Salaries and social security payable	37 129	11 621
Provisions	8 653	10 525
Employee benefit obligations	177	127
Amounts payable to related parties (Note 34)	408	385
Dividends payable	6	6
Payable for PPE	5 133	2 583
VAT payable	6 168	3 518
Pension reserve accrual	250	316
Other payables to related parties (Note 34)	3 124	4 620
Other payables	4 071	2 329
	167 378	**126 369**
Less: non-current portion	(2 450)	(4 600)
Current portion	**164 928**	**121 769**

The carrying amounts of the Group's trade and other financial payables, amounts payable to related parties, payables for property, plant and equipment are denominated in the following currencies:

	2020	2019
US dollars	40 662	29 128
EUR	22 090	30 473
SEK	1 764	-
PLN	-	210
GBP	2 177	4 897
RUB	1 171	1 127
Other currencies	3 986	1 081
	71 850	**66 916**

29 Security deposits received

	2020	2019
Security deposits repayable after one year at nominal value	508	1 134
Less: discounting effect (at 2.83%)	(3)	(37)
Security deposits repayable after one year	**505**	**1 097**
Security deposits repayable within one year	3 917	7 123
Less: discounting effect (at 4.52%)	(3)	-
Total	**4 419**	**8 220**

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

30 Deferred income taxes

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

	2020	2019
Deferred tax assets		
At beginning of the period	**10 141**	**6 914**
Acquisitions (disposals) of subsidiaries (Note 33)	(234)	2 715
(Charged) credited to the income statement	8 322	184
Recognised through OCI	(130)	133
Credited directly to the equity	-	140
Currency translation differences	(801)	55
At end of year	**17 298**	**10 141**

	2020	2019
Deferred tax liabilities		
At beginning of the period	**14 960**	**1 606**
Charged (credited) to the income statement	(2 983)	(999)
Acquisitions of subsidiaries (Note 33)	7 105	14 305
Recognised through OCI	68	-
Currency translation differences	(738)	48
At end of year	**18 412**	**14 960**

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

	2020	2019
Deferred tax assets		
Deferred income tax to be recovered within 1 year	10 834	7 597
Deferred income tax to be recovered after 1 year	6 464	2 544
	17 298	**10 141**
Deferred tax liabilities		
Deferred income tax to be recovered within 1 year	18 033	14 620
Deferred income tax to be recovered after 1 year	379	340
	18 412	**14 960**

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.

30 Deferred income taxes (continued)

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

Deferred tax assets	Accruals for unused vacation	Discounting effect	Impairment of receivables	Accumulated taxable losses	C-check provisions	Other accrued expenses	Difference between tax basis and accounting basis of aircraft	Revaluation of financial assets at fair value through OCI	Other	Total
At 1 January 2020	**66**	**128**	**3 454**	**3 655**	**250**	**1 355**	**707**	**40**	**486**	**10 141**
Acquisitions (disposals) of subsidiaries	(11)	-	(14)	451	357	-	-	-	(1 017)	**(234)**
Credited to the income statement (Note 13)	4	(29)	58	7 159	117	(489)	(2 774)	-	4 276	**8 322**
Recognised through OCI	-	-	-	-	-	-	-	(132)	2	**(130)**
Credited directly to the equity (IFRS 16 adoption impact)	-	-	-	-	-	-	-	-	-	**-**
Currency translation differences	(6)	(4)	(10)	(398)	(65)	(98)	144	(1)	(363)	**(801)**
At 31 December 2020	**53**	**95**	**3 488**	**10 867**	**659**	**768**	**(1 923)**	**(93)**	**3 384**	**17 298**

Deferred tax liabilities	Accelerated tax depreciation	Deferred charges	Other accrued expenses	Exchange rate differences for tax purposes (depreciation)	Supplemental rent	Difference between tax basis and accounting basis of aircraft	Other*	Total
At 1 January 2020	**1 638**	**-**	**(47)**	**417**	**2 355**	**190**	**10 407**	**14 960**
Acquisitions (disposals) of subsidiaries	-	-	-	-	-	-	7 105	**7 105**
Credited to the income statement (Note 13)	(1 266)	(129)	2	(225)	(1 761)	19	377	**(2 983)**
Recognised through OCI	-	-	-	-	-	-	68	**68**
Currency translation differences	(26)	(51)	-	(11)	(260)	(9)	(381)	**(738)**
At 31 December 2020	**346**	**(180)**	**(45)**	**181**	**334**	**200**	**17 576**	**18 412**

*Other deferred tax liabilities include EUR 10 000 thousand fair value adjustment on acquisition of *Smartlynx Airlines SIA*, which was calculated on undistributed profits in Latvia and Estonia, that will be taxed upon distribution of dividends.

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

30 Deferred income taxes (continued)

Deferred tax assets	Accruals for unused vacation	Discounting effect	Impairment of receivables	Accumulated taxable losses	C-check provisions	Other accrued expenses	Difference between tax basis and accounting basis of aircraft	Revaluation of financial assets at fair value through OCI	Other	**Total**
At 1 January 2019	**67**	**(1)**	**2 940**	**2 949**	**-**	**1 351**	**-**	**-**	**(392)**	**6 914**
Acquisitions (disposals) of subsidiaries	13	92	215	604	352	-	1 030	(97)	506	**2 715**
Credited to the income statement (Note 13)	(14)	39	302	(87)	(95)	(9)	(374)	-	422	**184**
Recognised through OCI	-	-	-	-	-	-	-	136	(3)	**133**
Credited directly to the equity (IFRS16 adoption impact)	-	-	-	4	-	-	97	-	39	**140**
Currency translation differences	-	(2)	(3)	185	(7)	13	(46)	1	(86)	**55**
At 31 December 2019	**66**	**128**	**3 454**	**3 655**	**250**	**1 355**	**707**	**40**	**486**	**10 141**

Deferred tax liabilities	Accelerated tax depreciation	Deferred charges	Other accrued expenses	Exchange rate differences for tax purposes (depreciation)	Supplemental rent	Difference between tax basis and accounting basis of aircraft	Other*	**Total**
At 1 January 2019	**1 601**	**-**	**5**	**-**	**-**	**-**	**-**	**1 606**
Acquisitions (disposals) of subsidiaries	99	-	-	299	3 767	127	10 013	**14 305**
Credited to the income statement (Note 13)	(58)	-	(50)	13	(1 341)	48	389	**(999)**
Currency translation differences	(4)	-	(2)	105	(71)	15	5	**48**
At 31 December 2019	**1 638**	**-**	**(47)**	**417**	**2 355**	**190**	**10 407**	**14 960**

*Other deferred tax liabilities include EUR 10 000 thousand fair value adjustment on acquisition of *Smartlynx Airlines SIA*, which was calculated on undistributed profits in Latvia and Estonia, that will be taxed upon distribution of dividends.

30 Deferred income taxes (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:

	2020	2019
Deferred tax assets		
Deferred income tax assets	17 161	9 615
Deferred income tax liabilities	(18 275)	(14 434)
	(1 114)	**(4 819)**

The following amounts prior to offsetting of balances, are shown in the notes above

	2020	2019
Deferred tax assets		
Deferred income tax assets	17 298	10 141
Deferred income tax liabilities	(18 412)	(14 960)
	(1 114)	**(4 819)**

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 (2019: 15% rate), in Poland - at 19% rate (2019: 19% rate), in United Kingdom – at 19% rate (2019: 19% rate), in Russia – at 20% rate (2019: 20% rate), in Ukraine – at 18% rate (2019: 18% rate), in Nigeria – at 30% rate (2019: 30% rate), in Cyprus – at 12.5% rate (2019: 12.5% rate), in Indonesia – at 25% rate (2019: 25% rate), in Germany – at 30% rate (2019: 30% rate), in Sweden – 21.4% rate (2019: 21.4%).

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 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 4 380 thousand as at 31 December 2020 (EUR 751 thousand as at 31 December 2019).

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

31 Financial instruments by category

	2020	2019
Category – financial assets measured at amortised costs		
Trade receivables (Note 21)	69 461	64 536
Cash and cash equivalents (Note 23)	178 352	217 252
Contract assets (Note 22)	10 128	7 376
Trade receivables from related parties (Notes 21, 34)	505	683
Other receivables	6 918	10 543
Loans granted to related parties (Notes 21, 34)	22 869	20 330
Other receivables from related parties (Notes 21, 34)	4 489	4 047
Loans granted (Note 21)	22 869	10 845
Bank deposits	26 745	84 994
	342 336	**421 606**
Category – financial assets measured at FVOCI		
Derivative financial instruments (assets)	**3 563**	**3 600**
Category – financial assets measured at FVTPL		
Derivative financial instruments (assets)	**1 231**	**449**
Category – financial liabilities measured at amortised cost		
Trade payables (Note 28)	62 203	56 999
Bank overdraft (Notes 23, 27)	500	5 163
Finance lease liabilities (Note 27)	165 823	237 193
Bonds issued	219 273	261 411
Bank loans (Note 27)	18 964	10 417
Other payables	3 534	2 125
Payables to related parties (Notes 28, 34)	4 431	5 005
Payable for PPE (Note 28)	2 583	2 583
Other borrowings (Note 27)	2 024	143
Dividends payable	6	6
Borrowings from related parties (Notes 27, 34)	-	-
	479 341	**581 045**
Category – financial liabilities measured at FVOCI		
Derivative financial instruments (liability)	**12 453**	**4 686**
Category – financial liabilities measured at FVTPL		
Derivative financial instruments (liability)	**137**	**-**

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 2020 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	2 742	1 854	-	-
Low value leases	283	254	237	-
Total	**5 120**	**2 108**	**237**	**-**

Variable lease payments during 2020 amounted to EUR 2 095 thousand.

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

32 Leases (continued)

The future aggregate minimum lease payments under leases, for which the group has applied the exemption as at 31 December 2019 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	6 180	3 652	-	-
Low value leases	326	300	409	-
Total	**6 506**	**3 952**	**409**	**-**

The Group applied the practical expedient to all rent concessions that meet the conditions in the amendment "Covid-19-Related Rent Concessions". As mentioned in Note 2.1, this amendments to IFRS 16 were issued on 28 May 2020 and effective for annual periods beginning on or after 1 January 2020. The amendments provided lessees with relief in the form of an optional exemption from assessing whether a rent concession related to COVID-19 is a lease modification. The Group elected to account for rent concessions in the same way as they would if they were not lease modifications. The amount recognised for the reporting period to reflect changes in lease payments that arise from rent concessions to which the lessee has applied the practical expedient resulted in EUR 12 853 thousand gain and is presented in the statement of comprehensive income within "other gain / (loss) – net".

33 Business combination and disposal

Establishment and acquisition in 2020

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

On 21 December 2020, FL Technics UAB established new subsidiary *FL Technics Ukraine MRO LLC*. Registered capital UAH 1 000 which was fully paid. The subsidiary is planning to provide aircraft maintenance services in Ukraine.

On 21 December 2020, BGS Rail LLC established new subsidiary *RE Invest LLC.* Registered capital UAH 1 000 which was fully paid. The subsidiary is planning to provide other with aviation not related services.

On 21 September 2020, Aviator Airport Alliance, AB established new subsidiary *Aviator Logistics AB*. Registered capital EUR 2 500 which was fully paid. The subsidiary is planning to provide aviation training services.

On 15 December Avia Solutions Group PLC subsidiary Chapman Freeborn International Limited completed minority acquisition of 25% of the share capital in *Magma Aviation Limited*. As at 31 December 2020 Chapman Freeborn International Limited owns 100% of the share capital to subsidiary.

On 17 November 2020 FL Technics UAB established new subsidiary *FL Technics Line Maintenance Canada Inc*. Registered capital CAD 1 which was fully paid. On 2 December 2020 share capital of the subsidiary was increased CAD to 5 547 which was fully paid. The subsidiary is planning to provide aircraft maintenance services.

On 17 November 2020 Avia Solutions Group PLC subsidiary FL Technics Line Maintenance Canada Inc. completed acquisition of 100% of the share capital in *Wright International Holdings Inc.* which controls 100 % of the share capital in *Wright International Aircraft Maintenance Services Inc.* The acquired group is providing aircraft maintenance services. Details of purchase consideration and the fair values of assets and liabilities arising from the *Wright International Holdings Inc.* are given below:

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

33 Business combination and disposal (continued)

	Wright International Aircraft Maintenance Services Inc. - acquiree's fair value **EUR**
Property, plant and equipment	235
Intangible assets	4 141
Trade and other receivables	279
Cash and cash equivalents	216
Deferred income tax liabilities	(1 158)
Trade and other payables	(141)
Total identifiable net assets acquired	**3 572**
Purchase consideration	**2 284**
Contingent consideration*	**1 288**
Goodwill as at 31 December 2020	**-**

* Contingent payment in the amount of EUR 1 288 thousand out of total shares purchase price was placed in an escrow account, to be released upon signing of the specific contract following mutually agreed provisions. Management of the Company has no doubts in respect of the fulfilment of this condition, therefore 100% of contingent payment was recognized as of yearend 2020.

Fair values of net assets acquired that were recognized in relation to the fair value of intangible assets and property, plant and equipment have been determined provisionally. If new information obtained within one year of the date of acquisition about the facts and circumstances that existed at the date of acquisition identifies adjustments to the above amounts, or any additional provision that existed at the date of acquisition, then the accounting of the acquisition will be revised. As of the date of the approval of these financial statements, the Management of the Group is not aware of any circumstances that could drive the changes in fair values recognized.

The acquired business contributed revenues of EUR 151 thousand and profit of EUR 4 thousand to the Group for the period from 1 December to 31 December 2020. If the acquisition had occurred on 1 January 2020, consolidated pro-forma revenue and net profit for the year ended 31 December 2020 would have been EUR 2 976 thousand and EUR 1 334 thousand respectively. These amounts have been calculated using the subsidiary's stand-alone results and adjusting them for the impact of fair value adjustments identified during purchase price allocation procedure as if they had been applied from 1 January 2020, together with the consequential tax effects.

On 16 November 2020 Avia Solutions Group PLC subsidiary DG21 UAB completed acquisition of 99,99% of the share capital in *Universali arena UAB* and 100% of the share capital in *Tiketa UAB, Panevėžio arena UAB* and *SEVEN Live UAB*. The subsidiaries are engaged in the business of organizing concerts and shows, distributing tickets and providing rental services for sports and events.

Details of purchase consideration and the fair value of assets and liabilities arising from the acquisition of *Universali arena UAB, Tiketa UAB, Panevėžio arena UAB, SEVEN Live UAB* are as follows:

	Acquiree's fair value **EUR**
Property, plant and equipment	11 152
Intangible assets	1 723
Deferred income tax asset	457
Inventory	7
Trade and other receivables	1 198
Cash and cash equivalents	2 321
Borrowings	(2 129)
Deferred income tax liabilities	(1 410)
Trade and other payables	(2 528)
Total identifiable net assets acquired	**10 791**
Purchase consideration	**14 600**
Goodwill as at 31 December 2020	**3 809**

33 Business combination and disposal (continued)

Fair values of net assets acquired that were recognized in relation to the fair value of intangible assets and property, plant and equipment have been determined provisionally. If new information obtained within one year of the date of acquisition about the facts and circumstances that existed at the date of acquisition identifies adjustments to the above amounts, or any additional provision that existed at the date of acquisition, then the accounting of the acquisition will be revised. As of the date of the approval of these financial statements, the Management of the Group is not aware of any circumstances that could drive the changes in fair values recognized.

Goodwill recorded in connection with acquisitions is primarily attributable to the assembled professionals, synergies expected to arise after the acquisition of those businesses and expected profitability of the acquired business driven by professionalism of work force acquired.

The acquired business contributed revenues of EUR 290 thousand and loss of EUR 330 thousand to the Group for the period from 1 November to 31 December 2020. If the acquisition had occurred on 1 January 2020, consolidated pro-forma revenue and net profit for the year ended 31 December 2020 would have been EUR 3 237 thousand and EUR 742 thousand respectively. These amounts have been calculated using the subsidiary's stand-alone results and adjusting them for the impact of fair value adjustments identified during purchase price allocation procedure as if they had been applied from 1 January 2020, together with the consequential tax effects.

On 16 November 2020 Avia Solutions Group PLC subsidiary Chapman Freeborn International Limited completed minority acquisition of 15% of the share capital in *Chapman Freeborn Airchartering S.p z.o.o*. As at 31 December 2020 Chapman Freeborn International Limited owns 100% of the share capital to subsidiary.

On 7 July 2020, Avia Solutions Group PLC established new subsidiary *JetMS Regional UAB*. Registered capital was EUR 10 000 which was fully paid. In September 2020 registered share capital was increased to EUR 300 000.

On 1 July 2020, Avia Solutions Group PLC subsidiary FL Technics UAB established new subsidiary *FL Technics S.R.L.* Registered capital RON 48 400 (equivalent to EUR 10 000), FL Technics UAB fully paid for share capital. The subsidiary is planning to provide repair and maintenance of aircraft and spacecraft, repair of fabricated metal products, machinery and equipment.

On 22 June 2020, Avia Solutions Group PLC subsidiary Avion Express UAB established new subsidiary *Avion Express GmbH.* Registered capital EUR 25 thousand, Avion Express UAB fully paid for share capital. In September registered share capital was increased to EUR 4 000 000 and was fully paid by Avion Express UAB (75 % of the share capital) and Blafugl ehf. (25 % of the share capital).

On 18 June 2020 Avia Solutions Group PLC subsidiary Chapman Freeborn Airmarketing GmbH and Chapman Freeborn OBC GmbH completed acquisition of 100% of the share capital in *Arcus-Air-Logistic GmbH* for consideration for amount of EUR 1 946 thousand, *Arcus OBC GmbH* for consideration for amount of EUR 6 thousand, *Arcus-AirLogistic S.L.U. – Iberica* for consideration for amount of EUR 1 149 thousand, *Arcus-Air-Logistic s.r.o. – Slovakia* for consideration for amount of EUR 602 thousand. Details of purchase consideration and the fair values of assets and liabilities arising from the acquisition, including fair value adjustments are given below. The fair values of assets and liabilities below are presented in British Pounds (GBP) which is the functional currency of Chapman Freeborn International Limited and translated to EUR at the rate as at acquisition date 30 June 2020 used 1EUR = 0,9154 GBP. The values included in purchase price allocation are provisional and will be updated within 12 months period after the acquisition date.

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

33 Business combination and disposal (continued)

	Arcus-Air-Logistic GmbH - acquiree's fair value	
	GBP	**EUR**
Property, plant and equipment	33	36
Trade and other receivables	426	465
Cash and cash equivalents	1 164	1 272
Trade and other payables	(807)	(882)
Total identifiable net assets acquired	**816**	**891**
Purchase consideration	**1 787**	**1 952**
Goodwill as at 30 June 2020	**971**	**1 061**
Currency translation differences	-	19
Goodwill as at 31 December 2020	**971**	**1 080**

	Arcus OBC GmbH - acquiree's fair value	
	GBP	**EUR**
Property, plant and equipment	36	39
Intangible assets	12	14
Trade and other receivables	16	17
Cash and cash equivalents	77	84
Trade and other payables	(143)	(156)
Total identifiable net assets acquired	**(2)**	**(2)**
Purchase consideration	**6**	**6**
Goodwill as at 30 June 2020	**8**	**8**
Currency translation differences	-	1
Goodwill as at 31 December 2020	**-**	**9**

	Arcus-Air-Logistic S.L.U. – Iberica - acquiree's fair value	
	GBP	**EUR**
Property, plant and equipment	17	19
Trade and other receivables	237	259
Cash and cash equivalents	274	299
Trade and other payables	(2)	(2)
Total identifiable net assets acquired	**526**	**575**
Purchase consideration	**1 051**	**1 149**
Goodwill as at 30 June 2020	**525**	**574**
Currency translation differences	-	10
Goodwill as at 31 December 2020	**525**	**584**

	Arcus-Air-Logistic s.r.o. – Slovakia - acquiree's fair value	
	GBP	**EUR**
Property, plant and equipment	17	19
Trade and other receivables	150	164
Cash and cash equivalents	167	182
Trade and other payables	(47)	(51)
Total identifiable net assets acquired	**287**	**314**
Purchase consideration	**559**	**611**
Goodwill as at 30 June 2020	**272**	**297**
Currency translation differences	-	5
Goodwill as at 31 December 2020	**272**	**303**

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

33 Business combination and disposal (continued)

The acquired business contributed revenues of EUR 12 664 thousand and profit of EUR 430 thousand to the Group for the period from 1 July to 31 December 2020. If the acquisition had occurred on 1 January 2020, consolidated pro-forma revenue and net profit for the year ended 31 December 2020 would have been EUR 20 815 thousand and EUR 197 thousand respectively. These amounts have been calculated using the subsidiary's stand-alone results and adjusting them for the impact of fair value adjustments identified during purchase price allocation procedure as if they had been applied from 1 January 2020, together with the consequential tax effects.

On 19 February 2020 Avia Solutions Group PLC subsidiary FL Technics UAB completed acquisition of 100% of the share capital in *Flash Line maintenance S.r.l.* for consideration for amount of EUR 578 thousand. The subsidiary provides aircraft line maintenance services.

Details of purchase consideration and consolidated assets and liabilities arising from the acquisition of *Flash Line maintenance S.r.l.* are as follows:

	Flash Line maintenance S.r.l. - acquiree's fair value **EUR**
Property, plant and equipment	502
Intangible assets	1 481
Inventories	18
Trade and other receivables	551
Cash and cash equivalents	71
Deferred income tax liability	(350)
Borrowings	(27)
Trade and other payables	(1 668)
Total identifiable net assets acquired	**578**
Purchase consideration	**578**
Goodwill as at 31 March 2020	**-**

The acquired business contributed revenues of EUR 2 140 thousand and loss of EUR 341 thousand to the Group for the period from 1 April to 31 December 2020. If the acquisition had occurred on 1 January 2020, consolidated pro-forma revenue and net profit for the year ended 31 December 2020 would have been EUR 3 043 thousand and EUR 517 thousand respectively. These amounts have been calculated using the subsidiary's stand-alone results and adjusting them for the impact of fair value adjustments identified during purchase price allocation procedure as if they had been applied from 1 January 2020, together with the consequential tax effects.

On the 24th of January 2020, Avia Solutions Group PLC signed an agreement with BB Holding EHF for the full acquisition of *Bluebird Nordic (Bláfugl ehf.)*, which entails a 100% stake ownership of the company's shareholdings, for consideration for amount of EUR 5 152 thousand (USD 5 685 thousand). On the 31st of March 2020, following the completion of all prerequisites and receipt of relevant clearances from competition authorities, the transaction was finalised. Bluebird Nordic provides cargo ACMI and charter services.

Details of purchase consideration and the fair values of assets and liabilities arising from the acquisition, including fair value adjustments are given below. As goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of that foreign operation shall be treated as assets and liabilities of the foreign operation, the fair values of assets and liabilities below are presented in US Dollars (USD) which is the functional currency of Bláfugl ehf. (Bluebird Nordic) and translated to EUR at the rate as at acquisition date 31 March 2020 used 1 EUR = 1,1034 USD.

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

33 Business combination and disposal (continued)

	Blafugl ehf (Bluebird Nordic) - acquiree's fair value	
	USD	**EUR**
Property, plant and equipment	26 297	23 833
Intangible assets	573	519
Deferred income tax assets	168	152
Inventories	240	218
Trade and other receivables	5 488	4 974
Cash and cash equivalents	1 628	1 475
Borrowings	(24 760)	(22 440)
Provisions	(1 967)	(1 783)
Trade and other payables	(3 955)	(3 584)
Total identifiable net assets acquired	**3 712**	**3 364**
Purchase consideration	**5 685**	**5 152**
Goodwill as at 31 March 2020	**1 973**	**1 788**
Currency translation differences	-	(180)
Goodwill as at 31 December 2020	**1 973**	**1 608**

The acquired business contributed revenues of EUR 22 669 thousand and profit of EUR 102 thousand to the Group for the period from 1 April to 31 December 2020. If the acquisition had occurred on 1 January 2020, consolidated pro-forma revenue and net profit for the year ended 31 December 2020 would have been EUR 22 738 thousand and EUR 99 thousand respectively. These amounts have been calculated using the subsidiary's stand-alone results and adjusting them for the impact of fair value adjustments identified during purchase price allocation procedure as if they had been applied from 1 January 2020, together with the consequential tax effects.

Goodwill recorded in connection with acquisitions is primarily attributable to the assembled professionals, synergies expected to arise after the acquisition of those businesses and expected profitability of the acquired business driven by professionalism of work force acquired.

On 14th of February 2020, Avia Solutions Group PLC signed an agreement to acquire 100% of the shareholding of *Aviator Airport Alliance AB* (Aviator), a full-range aviation services provider for the Nordic region. Aviator provides aircraft ground handling and fuelling services. Offering flexible and cost-effective solutions that meet the demand for high-quality support services of a wide range of airlines, Aviators a valuable addition to Avia Solution Group's portfolio.

As goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of that foreign operation shall be treated as assets and liabilities of the foreign operation, the fair values of assets and liabilities below are presented in Sweden Krona (SEK) which is the functional currency of Aviator Group and translated to EUR at the rate as at acquisition date 29 February 2020 used 1EUR = 10,6738 SEK. At the balance sheet date, the goodwill was translated to SEK using the balance sheet closing rate, which was 1EUR = 10,674 SEK.

Details of purchase consideration and the fair values of assets and liabilities arising from the acquisition of Aviator Group, including fair value adjustments are given below:

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

33 Business combination and disposal (continued)

Details of purchase consideration and the fair values of assets and liabilities arising from the acquisition of Aviator Group, including fair value adjustments are given below:

	Aviator Airport Alliance AB acquiree's fair value	
	SEK	**EUR**
Property, plant and equipment	157 569	14 762
Intangible assets	36 221	3 393
Deferred income tax assets	21 205	1 987
Inventories	13 724	1 286
Trade and other receivables	218 456	20 467
Cash and cash equivalents	23 739	2 224
Borrowings	(199 614)	(18 701)
Deferred income tax liabilities	(41 509)	(3 889)
Trade and other payables	(366 953)	(34 380)
Total identifiable net liabilities acquired	**(137 162)**	**(12 851)**
Purchase consideration	**20 040**	**1 877**
Goodwill as at 29 February 2020	**157 202**	**14 728**
Currency translation differences	-	938
Goodwill as at 31 December 2020	**157 202**	**15 666**

The acquired business contributed revenues of EUR 36 603 thousand and loss of EUR 13 225 thousand to the Group for the period from 1 March to 31 December 2020. If the acquisition had occurred on 1 January 2020, consolidated pro-forma revenue and net profit for the year ended 31 December 2020 would have been EUR 58 485 thousand and EUR 16 512 thousand respectively. These amounts have been calculated using the subsidiary's stand-alone results and adjusting them for the impact of fair value adjustments identified during purchase price allocation procedure as if they had been applied from 1 January 2020, together with the consequential tax effects.

Goodwill recorded in connection with acquisitions is primarily attributable to the assembled professionals, synergies expected to arise after the acquisition of those businesses and expected profitability of the acquired business driven by professionalism of work force acquired.

The fair value of acquired trade and other receivables is EUR 20 467 thousand. The gross contractual amount for trade and other receivables due is EUR 22 242 thousand, with the amount of EUR 1 775 thousand being the best estimate at the acquisition date of the contractual cash flows not expected to be collected.

On 19 October 2020 Avia Solutions Group PLC subsidiary Aviator Airport Alliance AB lost control of its subsidiary *Aviator Airport Services Denmark A/S* which is currently being liquidated. Details of assets and liabilities arising from the disposal of *Aviator Airport Services Denmark A/S* are as follows:

	Aviator Airport Services Denmark A/S	
	SEK	**EUR**
Property, plant and equipment	27 217	2 712
Financial assets	3 371	336
Deferred income tax assets	26 037	2 595
Trade and other receivables	32 763	3 265
Cash and cash equivalents	60 032	5 983
Borrowings	(21 181)	(2 111)
Trade and other payables	(139 586)	(13 911)
Total identifiable net liabilities	**(11 347)**	**(1 131)**
Gain on loss of interest in subsidiary		**1 131**

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

33 Business combination and disposal (continued)

The result on loss of interest in subsidiary is presented in the statement of comprehensive income within "other gain / (loss) – net".

On 30 March 2020, Avia Solutions Group PLC subsidiary Baltic Ground Services UAB completed the acquisition of 100% of the share capital in *BGS Trading (previously: Aviatehniks TOV)* for consideration of EUR 5 thousand. The company is going to provide aircraft ground handling and fuelling services.

On 2 January 2020 the Group, through one of its subsidiaries *AviaAM Leasing AB*, acquired 100% of the share capital in *Dariaus ir Gireno 20 UAB* for consideration for amount of EUR 2 500 thousand which was paid in December 2019. The Company is incorporated in Lithuania and is engaged in real estate business. The Company owns land and a few buildings. The fair value of the assets acquired is equal to consideration paid as the group treats these investments as the acquisition of investment property.

On 12 May 2020, Avia Solutions Group PLC subsidiary Chapman Freeborn International Limited sold its 80% of shares in the subsidiary *Logik Logistics International Limited*. Sales proceeds from the disposal amounted to EUR 546 thousand. Disposal's carrying amount of assets and liabilities below are presented in British Pounds (GBP) which is the functional currency of Chapman Freeborn International Limited and translated to EUR at the rate as at end of period date 30 June 2020 used 1EUR = 0,9154 GBP.
Details of sale price and assets and liabilities arising from the disposal in Group's financial statements are as follows:

	Logik Logistics International Limited disposal's carrying amount	
	GBP	**EUR**
Property, plant and equipment	40	43
Trade and other receivables	1 146	1 252
Cash and cash equivalents	192	210
Trade and other payables	(1 063)	(1 161)
Total identifiable net assets	**315**	**344**
NCI based on proportionate share of net assets (80%)	63	69
Net assets attributed to equity holders of the parent	**252**	**275**
Proceeds from sale of interest in subsidiaries	500	546
Gain (loss) on disposal, directly recognised in disposal's group other gains/(losses)	248	271

On 3 March 2020 the Group, through one of its subsidiaries, acquired 100% of the share capital in *BUSNEX POLAND SP. Z.O.O* – with a purpose to develop business in relation to public transportation solutions. The newly established company with a share capital of PLN 5 thousand is incorporated in Poland. Purchase consideration paid was USD 3 thousand (EUR 2 thousand or PLN 10 thousand).

On 13 March 2020 the Group, through one of its subsidiaries, acquired 100% of the share capital in Skyroad Leasing, UAB for consideration for amount of EUR 3 thousand. The company is incorporated in Lithuania and is engaged in aircraft leasing business.

On 2 June 2020, Avia Solutions Group PLC subsidiary Baltic Ground Services UAB sold its 100% of shares in the subsidiary *Baltic Ground Services Sp.z.o.o.* Sales proceeds from the disposal amounted to EUR 79 thousand. Disposal's carrying amount of assets and liabilities below are presented in Poland Zloty (PLN) which is the functional currency of *Baltic Ground Services Sp.z.o.o.* and translated to EUR at the rate as at disposal's date used 1EUR = 4,4664 PLN.

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

33 Business combination and disposal (continued)

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

	Baltic Ground Services Sp.z.o.o - disposal's carrying amount	
	PLN	**EUR**
Property, plant and equipment	6 322	1 421
Deferred income tax assets	2 655	597
Trade and other receivables	2 161	493
Inventories	202	44
Cash and cash equivalents	1 686	383
Borrowings	(18 941)	(4 234)
Trade and other payables	(3 616)	(856)
Deferred income tax liabilities	(872)	(196)
Total identifiable net liabilities disposed	**(10 403)**	**(2 348)**
Proceeds from sale of interest in subsidiaries	353	79
Gain (loss) on disposal, directly recognised in disposal's group other gains/(losses)	**10 756**	2 427

The result on loss of interest in subsidiary is presented in the statement of comprehensive income within "other gain / (loss) – net".

Purchase consideration – cash outflow (summary of acquisition during twelve months period of 2020):

	2020
Outflow of cash to acquire subsidiary:	
Cash consideration Aviator Airport Alliance AB	(1 877)
Cash consideration Bluebird Nordic	(5 152)
Cash consideration Flash Line Maintenance S.r.L.	(578)
Cash consideration Universali arena UAB, Panevėžio arena UAB, SEVEN Live UAB, Tiketa UAB	(14 600)
Cash consideration Wright International Holdings Inc.	(3 572)
Cash consideration BGS Trading	(5)
Cash consideration Arcus-Air-Logistic GmbH	(1 952)
Cash consideration Arcus OBC GmbH	(6)
Cash consideration Arcus-Air-Logistic S.L.U. – Iberica	(1 149)
Cash consideration Arcus-Air-Logistic s.r.o. – Slovakia	(610)
	(29 501)
Balances acquired:	
Cash Aviator Airport Alliance AB	2 224
Cash Bluebird Nordic	1 475
Cash Flash Line Maintenance S.r.L.	71
Cash Universali arena UAB, Panevėžio arena UAB, SEVEN Live UAB, Tiketa UAB	2 321
Cash Wright International Holdings Inc.	216
Cash BGS Trading	5
Cash Arcus-Air-Logistic GmbH	1 272
Cash Arcus OBC GmbH	84
Cash Arcus-Air-Logistic S.L.U. – Iberica	299
Cash Arcus-Air-Logistic s.r.o. – Slovakia	183
	8 150
Net outflow of cash – investing activities	**(21 351)**

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

33 Business combination and disposal (continued)

Disposal of subsidiaries– cash movement (summary of sales during twelve months period of 2020):

	2020
Inflow of cash due to disposal of subsidiary:	
Proceeds from sale Baltic Ground Services Sp.z.o.o	79
Proceeds from sale Logik Logistics	546
	625
Balances sold:	
Cash Baltic Ground Services Sp.z.o.o	(383)
Cash Aviator Airport Services Denmark AS	(5 983)
Cash Logik Logistics	(210)
	(6 576)
Net outflow of cash – investing activities	**(5 951)**

Acquisitions, established and disposals in 2019

On 15 January 2019, *Avia Solutions Group AB's* subsidiary *Avia Solutions Group (CY) PLC* established new subsidiary *Sky Knights SIA*. Registered capital is EUR 3 000. The main purpose of the company is to provide flight support services to airlines. The establishment of the new subsidiary does not have an impact on these consolidated financial statements.

On 1 February 2019, *Avia Solutions Group AB's* subsidiary *FL Technics UAB* established a new subsidiary *FL Technics Ireland Limited*. Registered capital is EUR 10 000. As at 31 December 2019 the share capital has not been paid. The subsidiary is planning to provide engine and other maintenance services. The establishment of the new subsidiary does not have an impact on these consolidated financial statements.

On 4 March 2019 *Avia Solutions Group AB's* subsidiary *Avia Solutions Group (CY) PLC* completed the acquisition of 5.19% of the share capital in *AviaAM Leasing AB*. *AviaAM Leasing AB* is engaged in the business of aircraft leasing, trading and management. In September 2019 the investment was sold with a loss of EUR 6 thousand which is disclosed in Note 9.

On 1 April 2019, *Avia Solutions Group AB* additionally acquired 4% of the share capital of *Locatory UAB* for consideration of EUR 5 thousand. As the purchases was from non-controlling interests, the difference between consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary for amount of EUR 72 thousand was recorded in equity.

On 3 April 2019 *Avia Solutions Group AB* completed the acquisition of 100% of the share capital in *DG21 UAB* from related party *AviaAM Leasing AB.* Acquired company is engaged in the business of real estate management. *DG21 UAB* has 100% share capital in *Rezidence Kapteini SIA*. This transaction was considered not being one transaction with the acquisition of the controlling stake in Avia AM Leasing AB which has occurred in October 2019 as these transactions were not carried in close period of time and not in contemplation of each other. Details of purchase consideration and consolidated assets and liabilities arising from the acquisition of *DG21 UAB* Group (incl. *Rezidence Kapteini SIA)* are as follows:

	Acquiree's fair value
Intangible and tangible assets	5 826
Deferred income tax assets	122
Trade and other receivables	226
Cash and cash equivalents	174
Borrowings	(6 389)
Deferred income tax liabilities	(50)
Trade and other payables	(214)
Total identifiable net assets acquired	**(305)**
Purchase consideration – paid in cash	10
Goodwill	**315**

33 Business combination and disposal (continued)

If the acquisition had been performed on 1 January 2019, revenue and profit contribution of the acquired business to the group performance would not have been significant. The revenue and profit of the acquired business from the acquisition date is also not significant.

On 17 April 2019, Avia Solutions Group AB subsidiary FL Technics UAB established new subsidiary FL Technics Ukraine TOV. Registered capital UAH 1 thousand (equivalent to EUR 34), FL Technics UAB fully paid for share capital. The subsidiary is planning to provide engine and other maintenance services. The establishment of the new subsidiary does not have an impact on these consolidated financial statements.

On 23 April 2019, *Avia Solutions Group AB's* subsidiary FL Technics UAB established new subsidiary *FL Technics Engine Services UAB*. Registered capital is EUR 10 000, FL Technics UAB fully paid for share capital. The company activities is planning to be aircraft line base maintenance, engineering and planning, aircraft engines repair, technical training and consulting, aircraft components supply, repair and overhaul. The establishment of the new subsidiary does not have an impact on these consolidated financial statements.

On 21 May 2019, *Avia Solutions Group AB* subsidiary BAA Training UAB established new subsidiary *ASG Asset Management UAB*. Registered capital is EUR 2 500. The establishment of the new subsidiary does not have an impact on these consolidated financial statements.

On 10 July 2019 *Baltic Ground Services UAB* has sold its subsidiary *BGS Trans UA LLC* to its other subsidiary *BGS Rail Holdings UAB*. This transaction does not have impact on these consolidated financial statements as it is fully eliminated. On 23 July 2019 *BGS Trans UA LLC* has been renamed to *BGS Rails Lease LLC*.

On 16 September 2019 the Company has established *ASG Finance DAC* subsidiary in Republic of Ireland. Registered capital EUR 1 000. The establishment of the new subsidiary does not have an impact on these consolidated financial statements.

On 2 October 2019 Avia Solutions Group PLC completed the acquisition of 77,26% of the share capital in *AviaAM Leasing AB*. *AviaAM Leasing AB* is engaged in the business of aircraft leasing, trading and management. The additional 8,44% of the share capital in *AviaAM Leasing AB* were acquired on 15 October 2019. The consideration for *AviaAM Leasing AB* shares were newly issued 39 144 138 shares of *Avia Solutions Group PLC*. On 4 December 2019 *Avia Solutions Group PLC* completed the acquisition of additional 6 000 000 shares of *AviaAM Leasing AB (*13,14% of the share capital). The consideration for those additional shares of *AviaAM Leasing AB* shares were newly issued 6 000 000 shares of *Avia Solutions Group PLC*. All the above listed transactions are treated as single transaction of acquisition of the control over *AviaAM Leasing AB* due to the fact that these transactions were entered into at the close period of time (within 2 months), in contemplation of each other, and they form a single transaction designed to achieve an overall commercial effect of obtaining control over *AviaAM Leasing AB*.

The fair value of total consideration transferred for 98,84% in total of *AviaAM Leasing AB* shares is USD 184 626 thousand. The fair value of consideration transferred determined based on the value of the AviaAM Leasing business appraised by independent valuators.

Details of purchase consideration and the fair values of assets and liabilities arising from the acquisition, including fair value adjustments are given below. As goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of that foreign operation shall be treated as assets and liabilities of the foreign operation, the fair values of assets and liabilities below are presented in US Dollars (USD) which is the functional currency of Avia AM Leasing and translated to EUR at the rate as at acquisition date 30 September 2019 used 1EUR = 1,0935 USD). At the balance sheet date, the goodwill was translated to USD using the balance sheet closing rate, which was 1EUR = 1,1189 USD.

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

33 Business combination and disposal (continued)

	Avia AM Leasing AB - acquiree's fair value	
	USD	**EUR**
Property, plant and equipment	40 782	37 254
Intangible assets	22	20
Investment in Joint venture	52 115	47 659
Other financial assets	1 104	1 010
Inventories	45 745	41 834
Trade and other receivables	52 231	47 765
Cash and cash equivalents	36 449	33 332
Lease liabilities	(8 317)	(7 606)
Other borrowings	(7 418)	(6 784)
Deferred income tax liabilities	(2 987)	(2 736)
Trade and other payables	(37 183)	(34 004)
Total identifiable net assets acquired	**172 543**	**157 744**
NCI measured at proportional share in the net assets	1 930	1 765
Purchase consideration - equity instruments issued by ASG	184 626	168 839
Aggregate of consideration transferred and NCI	**186 556**	**170 604**
Goodwill as at 1 October 2019	**14 013**	**12 860**
Currency translation differences	-	320
Goodwill as at 31 December 2019	**14 013**	**12 540**
Currency translation differences	-	(1 105)
Goodwill as at 31 December 2020	**14 013**	**11 435**

Goodwill recorded in connection with acquisitions is primarily attributable to the assembled professionals, synergies expected to arise after the acquisition of those businesses and expected profitability of the acquired business driven by professionalism of work force acquired.

Summary on New Assets Recognized and Fair Value Adjustments

Fair value of investment to joint venture in China is fully derived from fair value of aircraft (with lease attach) owned. Result of valuation showed the fair value of EUR 47 659 (USD 52 115).

Avia AM Leasing AB have several aircraft under ownership. Fair value of such aircraft was estimated based on purchase offers received from the unrelated parties.

Avia AM Leasing AB hold three buildings under property, plant and equipment. All of them were under construction or just recently entered into exploitation. Fair value of the property was appraised by independent valuators, showing the fair value of the property of EUR 8 608 thousand which was recognized on acquisition.

The fair value of acquired trade and other receivables is EUR 47 765 thousand. The gross contractual amount for trade and other receivables due is EUR 62 082 thousand, with the amount of EUR 14 317 thousand being the best estimate at the acquisition date of the contractual cash flows not expected to be collected.

Deferred tax was calculated based on the temporary differences between the fair values of the acquired assets and liabilities and their tax base.

33 Business combination and disposal (continued)

The acquired business contributed revenues of EUR 69 784 thousand and net profit of EUR 27 047 thousand to the Group for the period from 1 October to 31 December 2019. If the acquisition had occurred on 1 January 2019, consolidated pro-forma revenue and net profit for the year ended 31 December 2019 would have been EUR 150 935 thousand and EUR 41 627 thousand respectively. These amounts have been calculated using the subsidiary's results and adjusting them for the additional depreciation that would have been charged assuming the fair value adjustments to property, plant and equipment had applied from 1 January 2019, together with the consequential tax effects.

On 2 October 2019 Avia Solutions Group PLC completed the acquisition of 100% of the share capital in Smart Aviation Holding SIA (SAH) which controls 100 % of the share capital in Smart Lynx Airlines SIA and 51% of the share capital in *Eyjafoll SAS*. *Eyjafoll SAS* controls 100 % of the share capital in Avion Express UAB. The acquired group is operating in aviation logistics and distribution services.

100% of interest in SAH was acquired from related party being a fellow subsidiary under the common control of the same ultimate controlling party; As this acquisition occurred shortly after the related party has acquired SAH from third party, the acquisition of interest in SAH by ASG was not considered to be a transaction under common control thus the acquisition method was applied to account for this transaction. The consideration for Smart Aviation Holding SIA shares were newly issued 23 805 856 shares of Avia Solutions Group PLC.

On 10 October 2019 *Avia Solutions Group PLC* completed the acquisition of 49% of the share capital in *Eyjafoll SAS* which controls 100 % of the share capital in *Avion Express UAB*. The consideration for *Eyjafoll SAS* shares were newly issued 1 050 000 shares of *Avia Solutions Group PLC*.

Acquisition of 100% of the share capital of *Smart Aviation Holding SIA* Group and the remaining 49% of the share capital of *Eyjafjoll SAS* forms a single business combination transaction accounted for using the acquisition method due to the fact that all these transactions were entered into a close period of time (app. within 1 week), in contemplation of each other, and they form a single transaction designed to achieve an overall commercial effect of obtaining control over SAH Group. The Group always have seen acquisition of full stake in *Avion Express UAB* as inevitable and directly linked to acquisition of *Smart Aviation Holding SIA*. Having acquired 51% of the share capital of *Eyjafjoll SAS*, the Group shareholders obtained bargaining purchase power over the non-controlling shareholders and have utilized it in acquiring the rest 49% of the share capital in *Eyjafjoll SAS*. Therefore, these two acquisitions are considered as linked transactions forming a single business combination.

Total consideration transferred for 100% of the share capital in *Smart Aviation Holding SIA* and 51% of the share capital of *Eyjafjoll SAS* amounts to EUR 100 486 thousand. Consideration transferred determined based on the value of the SAH business appraised by independent valuators.

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

33 Business combination and disposal (continued)

Details of purchase consideration and the fair values of assets and liabilities arising from the acquisition of SAH Group, including fair value adjustments are given below.

	Total - acquiree's fair value EUR
Property, plant and equipment	194 939
Intangible assets	1 931
Deferred income tax assets	953
Inventories	4 456
Trade and other receivables	45 069
Cash and cash equivalents	82 650
Lease liabilities	(180 887)
Other borrowings	(3 126)
Deferred income tax liabilities	(10 099)
Trade and other payables	(63 954)
Total identifiable net assets acquired	**71 932**
Purchase consideration - equity instruments issued by ASG	100 486
Goodwill as at 1 October 2019	**28 554**
Currency translation differences	406
Goodwill as at 31 December 2019	**28 148**
Currency translation differences	(1 457)
Goodwill as at 31 December 2020	**26 691**

Goodwill recorded in connection with acquisitions is primarily attributable to the assembled professionals, synergies expected to arise after the acquisition of those businesses and expected profitability of the acquired business driven by professionalism of work force acquired.

Summary on New Assets Recognized and Fair Value Adjustments

On the acquisition date the right-of-use assets of *Smartlynx Airlines SIA* were measured at an amount equal to the recognised liability (these lease contracts are broadly at market terms).

Smartlynx Airlines SIA holds three air operator's certificates (in Latvia, Estonia and Malta). Depreciated replacement cost approach has been used to value these certificates.

Additional deferred tax liability was calculated on undistributed profits in Latvia and Estonia and amounted to EUR 10 000 thousand as it is probable that the profits will be distributed to the parent company in the foreseeable future.

On the acquisition date the right-of-use assets of *Avion Express UAB* were measured at an amount equal to the recognised liability with further adjustment to the right of use asset due to unfavourable element. Aircraft lease rates as per *Avion Express UAB* agreements were compared with independent valuation reports. Future cash flow above/below market lease rates were discounted to present value using 5% discount rate. Based on estimation, the adjustment for non-favourable aircraft lease agreements of EUR 4 658 thousand (USD 5 212 thousand) was recognized on acquisition.
Avion Express UAB owns airframes which fair value has been measured based on the recent comparable transactions part-out sale of similar airframe.

Avion Express UAB holds two air operator's certificates (in Lithuania and Malta). Depreciated replacement cost approach has been used to value these licences.

As at 30 September 2019, *Avion Express UAB* held number of rotables, which were accounted as property, plant and equipment. In December 2019 part of these rotabes were sold, the fair value of rotables was calculated based on the sales price.

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

33 Business combination and disposal (continued)

The fair value of acquired trade and other receivables is EUR 45 069 thousand. The gross contractual amount for trade and other receivables due is EUR 48 300 thousand, with the amount of EUR 3 231 thousand being the best estimate at the acquisition date of the contractual cash flows not expected to be collected.

Deferred tax liability was calculated from all fair value increases and, respectively, deferred tax asset was recognized from all fair value decreases applying statutory current income tax rate of 15% in Lithuania and resulted in total adjustment for amount of EUR 97 thousand (USD 109 thousand) on acquisition.

The acquired business contributed revenues of EUR 61 859 thousand and loss of EUR 9 450 thousand to the Group for the period from 1 October to 31 December 2019. If the acquisition had occurred on 1 January 2019, consolidated pro-forma revenue and net profit for the year ended 31 December 2019 would have been EUR 373 655 thousand and EUR 49 513 thousand respectively. These amounts have been calculated using the subsidiary's stand-alone results and adjusting them for the impact of fair value adjustments identified during purchase price allocation procedure as if they had been applied from 1 January 2019, together with the consequential tax effects.

On 11 October 2019, the *Avia Solutions Group PLC* completed the acquisition of 100% of the shareholding of *Chapman Freeborn Holdings Limited* for consideration for amount of EUR 52 000 thousand. The subsidiary provides a wide range of aircraft charter and leasing services to cargo, passenger and VIP charter clients across a broad spectrum of industries. According to the share sale and purchase agreement the purchase consideration is split into two parts completion consideration and deferred consideration. As part of deferred consideration, the amount of EUR 8 482 thousand is paid in two years and it dependent upon continues employment of the two selling shareholders therefore, it is accounted for as post-combination employee benefit cost over the service period and therefore was not included within purchase consideration.

Details of purchase consideration and the fair values of assets and liabilities arising from the acquisition, including fair value adjustments are given below. As goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of that foreign operation shall be treated as assets and liabilities of the foreign operation, the fair values of assets and liabilities below are presented in British Pounds (GBP) and translated to EUR at acquisition date at rate as at 30 September 2019 used 1EUR = 0,88778 GBP). As at the balance sheet date, the goodwill was translated the closing rate, which was 1EUR = 0,85208 GBP.

	Chapman Freeborn Holdings Limited - acquiree's fair value	
	GBP	**EUR**
Property, plant and equipment	1 474	1 661
Right-of-use assets	14 032	15 806
Intangible assets	913	1 029
Deferred income tax assets	428	483
Trade and other receivables	40 429	45 539
Cash and cash equivalents	9 879	11 128
Lease liabilities	(14 038)	(15 812)
Deferred income tax liabilities	(228)	(256)
Trade and other payables	(30 195)	(34 014)
Total identifiable net assets acquired	**22 694**	**25 562**
NCI measured at the proportionate share of the net assets acquired	**2 766**	**3 116**
Purchase consideration – paid in cash	38 634	43 518
Goodwill as at 1 October 2019	**18 706**	**21 071**
Currency translation differences	-	(883)
Goodwill as at 31 December 2019	**18 706**	**21 954**
Currency translation differences	-	(1 146)
Goodwill as at 31 December 2020	**18 706**	**20 808**

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

33 Business combination and disposal (continued)

Goodwill recorded in connection with acquisitions is primarily attributable to the assembled professionals, synergies expected to arise after the acquisition of those businesses and expected profitability of the acquired business driven by professionalism of work force acquired.

Summary on New Assets Recognized and Fair Value Adjustments

The pre-closing dividends of GBP 11 026 thousand were distributed to the former shareholders' of *Chapman Freeborn Holdings Limited*, therefore, net assets acquired were adjusted to take into account impact of the pre-closing dividends.

On the acquisition date the right-of-use assets were measured at an amount equal to the recognised liability (these lease contracts are broadly at market terms).

The fair value of acquired trade and other receivables is EUR 45 539 thousand. The gross contractual amount for trade and other receivables due is EUR 45 688 thousand, with the amount of EUR 149 thousand being the best estimate at the acquisition date of the contractual cash flows not expected to be collected.

Additional deferred tax liability of EUR 212 thousand (GBP 181 thousand) was recognized on fair value adjustments applying statutory current income tax rate in United Kingdom of 19%.

The acquired business contributed revenues of EUR 76 706 thousand and profit of EUR 13 698 thousand to the Group for the period from 1 January to 31 December 2020. These amounts have been calculated using the subsidiary's stand-alone results and adjusting them for the fair value adjustments identified during purchase price allocation procedure as if they had been applied from 1 January 2020, together with the consequential tax effects.

Purchase consideration – cash outflow (summary of acquisition during 2019):

	2019
Outflow of cash to acquire subsidiary, net of cash acquired	
Cash consideration Chapman Freeborn Holdings Limited	43 518
Cash consideration DG21 UAB	10
Cash consideration OMV Adriatic Marketing d.o.o.	15
	43 543
Balances acquired	
Cash Chapman Freeborn Holdings Limited	11 128
Cash Avia AM Leasing AB	33 332
Cash Smart Aviation Holding SIA	82 650
Cash DG21 UAB	174
	127 284
Net inflow of cash – investing activities	**83 741**

On 15 November 2019 *Helisota UAB* has sold its subsidiary *Kauno Aviacijos Gamykla UAB* to other Group company *BAA Training UAB*. This transaction does not have an impact on these consolidated financial statements as it is fully eliminated.

On 26 November 2019 *Avia Solutions Group PLC's* subsidiary *FL Technics UAB* established new subsidiary *FL Technics Georgia LLC*. The company is planning to provide aircraft line maintenance services in Georgia. The establishment of the new subsidiary does not have impact on these consolidated financial statements.

On 16 December 2019 *Avia Solutions Group PLC's* subsidiary *Baltic Ground Services UAB* completed the acquisition of 100% of the share capital in *OMV Adriatic Marketing d.o.o.* (from 3 April 2020 *Baltic Ground Services HR d.o.o.*). Acquired company is planning to provide aircraft ground handling services in Croatia. The investment for shares amounted to EUR 15 thousand, total identifiable net assets acquired amounted to minus EUR 13 thousand, excess of cost over fair value of acquiree's net assets was EUR 28 thousand and was recognised as goodwill. As the transaction is not material thus no further disclosure is provided.

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 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:

	2020	2019
Sales of services to:		
Entities having significant influence	26	13
Other related parties	1 252	6 807
	1 278	**6 820**
Sales of assets:		
Entities having significant influence	-	-
Other related parties	41	1
	41	**1**
Total sales of assets and services	**41**	**6 821**

In year 2020 amount of sales of aircraft maintenance services from the Group to related parties was EUR 1 018 thousand (2019: EUR 4 398 thousand).

	2020	2019
Purchases of assets from:		
Other related parties	8 225	2 280
	8 225	**2 280**
Purchases of services from:		
Parent	214	3 910
Entities having significant influence	-	6
Other related parties	2 575	5 284
	2 789	**9 200**
Other income	**864**	**381**
Finance costs	**(411)**	**(209)**
Total purchases of assets, services, other income and finance costs	**11 014**	**11 652**

In year 2020 amount of purchases of premises lease services from related parties was EUR 1 557 thousand (in 2019: 1 680 EUR thousand).

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

34 Related party transactions (continued)

	2020	2019
Trade receivables from related parties:		
Trade receivables from entities having significant influence	36	9
Trade receivables from other related parties	571	713
Impairment of trade receivables from other related parties	(101)	(39)
Trade receivables from related parties – net (Note 21)	**506**	**683**
Security deposit with lessor from related parties (Note 21)	**3**	**18**
Other receivables from Parent	2 309	2 153
Other receivables from entities having significant influence	1 157	655
Other receivables from other related parties	1 050	1 263
Impairment of other receivables from other related parties	(28)	(24)
Other receivables from related parties – net (Note 21)	**4 488**	**4 047**
Receivables from investment in bonds - gross	-	-
Impairment of receivables from investment in bonds	-	-
Receivables from investment in bonds - net (Note 21)	**-**	**-**
Prepayments from related parties (Note 21)	525	7
Amount due from customers for contract work from other related parties (Notes 21)	7	150
Deferred charges (Note 21)	37	28
	5 566	**4 933**
Payables and advances received from related parties:		
Amounts payable to other related parties (Note 28)	388	363
Finance lease liabilities	11 316	13 594
Advances received from other related parties	1	35
Other financial payables to other related parties	3 107	4 603
Other financial payables to Parent	17	17
Deferred revenue from other related parties	-	-
Other accrued expenses from other related parties	20	-
Amounts payable to Parent (Note 28)	20	22
	14 869	**18 634**

Loans granted to related parties:	**2020**	**2019**
Beginning of the period	**21 257**	**7 298**
Loans granted to other related parties	10 228	8 568
Loans from acquisition of new subsidiaries	-	11 675
Currency translations differences	(29)	(467)
Loan repayments received from other related parties (set-offs)	(6 586)	(440)
Losses recognised using the equity method in excess of the entity's investment	(537)	5
Loan reclassified to intra-group due to acquisition	-	(5 800)
Loans reclassified to third parties	-	(518)
Interest charged to other related parties	299	153
Accrued interest increase due to acquisitions	-	879
Interest paid	(77)	(96)
End of the period*	**24 555**	**21 257**
Less non-current portion:	(22 195)	(13 658)
Current portion (including accrued interest income):	**2 360**	**7 599**

**As at 31 December 2020 loans granted to other related parties included loan granted to Parent for amount of EUR 9 290 thousand (EUR 9 653 thousand as at 31 December 2019).*

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

34 Related party transactions (continued)

Loans received from related parties:	**2020**	**2019**
Beginning of the period	**-**	**2 388**
Loans received from other related parties	-	438
Currency translations differences	-	(1)
Loan reclassified to intra-group due to acquisition	-	(2 829)
Loans reclassified to third parties	-	(1)
Loans repayments to other related parties / set-offs	-	-
Interest on loans charged	-	410
Accrued interest expenses / income at the beginning of period	-	3
Interest on loans repaid / set-offs	-	(408)
End of the period	**-**	**-**
Less: non-current portion	-	-
Current portion (including accrued interest expense):	**-**	**-**

In 2019 the Company signed put option agreements with the Group employees, related to the Key Management of the Group, which give the right to put back acquired shares of the Company during the period from August 2019 to November 2024, at any time after the demand.

In 2019 the Group granted loans to the employees, related to the Key Management of the Group, in amount of EUR 825 thousand (at the interest rate of 4.5%) for purchasing shares of the Company. According to these loan agreements the employee has the right to put back the shares to the Group in a period from August 2019 to November 2024, at any time after the demand.

The management of the Group has evaluated that the above-mentioned option agreements made with the members of the Key Management of the Group do not have a material impact on these financial statements.

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 and supervisory board. Transactions with Group's key management are as follows:

	2020	**2019**
Salaries including termination benefits	1 502	1 112
Social insurance expenses	154	58
Bonuses	480	89
Employee benefits	18	70
Termination benefits	-	31
	2 154	**1 360**
Loans granted to key management at the end of year	1 890	1 439
The number of key management personnel during the year	12	15

As at 31 December 2020 and as at 31 December 2019 the Group had sixteen signed put option agreements which give the right to put back acquired shares of the Company during the period from 2019 to 2024. 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 management of the Group has evaluated the above-mentioned option agreements and calculated the benefit received by the managers for an amount of EUR 1 059 thousand, which is amortized during 4-year vesting period in equal parts. During 2020 the part of benefit included in the consolidated statement of comprehensive income amounts to EUR 271 thousand (EUR 60 thousand during 2019).

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

35 Remuneration of the Group's key management (continued)

In 2020 the Group granted loans to the above-mentioned Key Management personnel of the Group in relation to the share acquisitions as described above, in the amount of EUR 846 thousand (2019: EUR 825 thousand).

36 Derivatives

The Group has the following derivative financial instruments in the following line items in the balance sheet:

	2020	2019
Current assets		
Foreign currency options	-	341
Foreign currency forwards	-	36
Total current derivative financial instrument assets	**-**	**377**
Non-current assets		
Foreign currency interest rate forward - cash flow hedges	3 563	3 600
Foreign currency options	-	72
	3 563	**3 672**
Current liabilities		
Commodity swap	**137**	**-**
Non-current liabilities		
Foreign currency interest rate swap - cash flow hedges	**12 453**	**4 686**

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 2019	-
Change in fair value of hedging instrument recognised in OCI	(617)
Deferred tax	136
Closing balance 31 December 2019	**(481)**

	Foreign currency interest rate swap
Opening balance 1 January 2020	(481)
Change in fair value of hedging instrument recognised in OCI	2 137
Deferred tax	(200)
Closing balance 31 December 2020	**1 456**

There were no reclassifications from the cash flow hedge reserve to profit or loss during the period in relation to the foreign currency swap.

Amounts recognised in profit or loss

In addition to the amounts disclosed in the reconciliation of hedging reserves above, the following amounts were recognised in profit or loss in relation to derivatives:

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

36 Derivatives (continued)

	2020	2019
Net gain/(loss) on foreign currency forwards not qualifying as hedges included in other finance income/(costs)	(36)	(868)
Net gain/(loss) on foreign currency options not qualifying as hedges included in other finance income/(costs)	(341)	(1 298)
	(377)	**(2 166)**

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 2020 and 2019 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:

	2020	2019
Foreign currency interest rate swap		
Carrying amount (non-current asset)	3 563	3 600
Carrying amount (non-current liability)	(12 453)	(4 686)
Notional amount	120 752	57 811
Maturity date	May 2021 – November 2024	May 2020 – November 2024
Hedge ratio	1:1	1:1
Change in fair value of outstanding hedging instruments since 1 January	2 137	(617)
Change in value of hedged item used to determine hedge effectiveness	(2 137)	617

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

37 Events after the reporting date

On 15 February 2021, the Group subsidiary *Jet Maintenance Solutions UAB* established new subsidiary *JetMS Holding limited*. Registered capital is GBP 10 thousand. The company is acting as a holding company. The establishment of the new subsidiary does not have an impact on these consolidated financial statements.

On 26 February 26 2021 *JetMS Holding limited* acquired 100% of the shareholding of the UK-based RAS Group for consideration for amount of EUR 3 600 thousand, comprising of *RAS Completions Limited* and *RAS Interiors Limited*. RAS Group is a long-established aircraft interior, exterior, and completions company specialising in interior repairs, manufacturing, and exterior paint refinishing for both VIP and Commercial aircraft. At the time the consolidated financial statements were authorised for issue, the Group had not yet completed the accounting for the acquisition of *RAS Completions Limited* and *RAS Interiors Limited*.

The provisionally determined fair values of the assets and liabilities of *RAS Completions Limited* as at the date of acquisition are as follows:

	GBP	EUR
Property, plant and equipment	74	82
Deferred income tax	12	13
Inventory	151	168
Trade and other receivables	727	809
Contract assets	26	29
Cash and cash equivalents	146	162
Deferred income tax liabilities	(14)	(16)
Trade and other payables	(366)	(407)
Current income tax liabilities	(42)	(47)
Total identifiable net assets acquired	**714**	**794**

The provisionally determined fair values of the assets and liabilities of *RAS Interiors Limited* as at the date of acquisition are as follows:

	GBP	EUR
Property, plant and equipment	60	67
Deferred income tax	21	23
Inventory	481	535
Trade and other receivables	295	328
Cash and cash equivalents	334	372
Trade and other payables	(317)	(353)
Current income tax liabilities	(108)	(120)
Total identifiable net assets acquired	**766**	**852**

At the time the consolidated financial statements were authorised for issue, the Group had not yet completed the accounting for the acquisition of new companies mentioned above.

In February 2021 the Group acquired one Boeing B737-800 aircraft and in March 2021 the Group acquired one Airbus A319-112 aircraft.

There were no other material post balance sheet events, which have a bearing on the understanding of these consolidated financial statements.

Consolidated Financial Statements have been approved and signed on 14 May 2021:

Managing Director
Jonas Janukėnas

Director
Vygaudas Ušackas

Chief Financial Officer
Robertas Čipkus

CONSOLIDATED MANAGEMENT REPORT Approved by the Board as at

I. GENERAL INFORMATION

Reporting period **Year ended 31 December 2020**

Issuer and its contact details

Name of the Issuer **AVIA SOLUTIONS GROUP PLC**
(hereinafter – '*Company Avia Solutions Group PLC*' or 'the Company')

Legal form	Public limited company
Date of registration	28th February 2018
Code of enterprise	HE380586
Registered office	117 Arc. Makarios Avenue III, Floor 5, Flat 505, 3021, Limassol Cyprus
Telephone number	+44 20 808 99777
E-mail	info@aviasg.com
Internet address	www.aviasg.com

The Board of Directors presents its report together with the audited consolidated financial statements of the Company for the year ended 31 December 2020.

Changes in group structure

Until 16 July 2019 the 99,98% of *Avia Solutions Group PLC* share capital was owned by *Avia Solutions Group AB*, which was a public limited liability company incorporated at State Enterprise Centre of Registers of the Republic of Lithuania as at 31 August 2010 (Company code – 302541648). The Company was domiciled in Vilnius, the capital of Lithuania. The address of its registered office was as follows: Smolensko St. 10, LT-03201, Vilnius.

On 15 July 2019 *Avia Solutions Group AB* was dissolved without going into liquidation and was deregistered from the Register of Legal Entities of the Republic of Lithuania. On 9 July 2019 *Avia Solutions Group PLC* registered a permanent establishment of a foreign legal entity in Lithuania (identification number (code): 9001538174, VAT code: LT100012497310), which after the merger is operating in the territory of the Republic of Lithuania.

On 28 March 2019, the Board of *Avia Solutions Group AB*, implementing the decisions of the general meeting of shareholders of the Company, dated 28 December 2018, regarding the participation in the cross-border merger has prepared the merger terms of the *Avia Solutions Group AB* and the Company. As of 16 July 2019, in accordance with these common cross-border merger terms, all *Avia Solutions Group AB* assets, rights and liabilities were taken over by *Avia Solutions Group PLC* that continues its activities thereafter and as of 16 July 2019 *Avia Solutions Group AB* assets and liabilities, rights and obligations under the transactions, are included in the accounting records of *Avia Solutions Group PLC*.

As at 31 December 2020, the Group consisted of the parent company, *Avia Solution Group PLC* and its effective subsidiaries and associate which are disclosed in note 1 "General information" in the Consolidated Financial Statements for the year ended 31 December 2020. All changes in the Group structure are presented in the Note 33 of these Consolidated Financial Statements for the year ended 31 December 2020.

As at 31 December 2020 *Avia Solutions Group PLC* had one representative Office in the Russian Federation, 2nd Bretskaja Str., 30, Moscow, Russia, one permanent establishment in Republic of Lithuania, Dariaus ir Gireno st. 21a, LT-02189 Vilnius, Lithuania, one representative Office in Cyprus, 117 Makariou III & Sissifou Quarter of Apostoloi Petrou & Pavlou, 3021 Limassol and no branches.

Main activities

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

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

- Aviation Supporting Services;
- Aviation Logistics and Distribution Services;
- Aircraft Trading and Portfolio Management;
- Unallocated segment (holding, financing and other with non-aviation related activities).

Aviation Supporting Services Segment

Aviation Supporting Services 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

Aircraft Maintenance, Repair and Overhaul (MRO) services

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. ASG Group provides these services primarily through FL Technics UAB (*FL Technics*), Jet Maintenance Solutions UAB (*Jet Maintenance Solutions*) and its subsidiaries, including Storm Aviation Limited (*Storm Aviation*).

Aircraft maintenance and repair consists of routine and non-routine maintenance work and is divided into two general categories: line maintenance and base maintenance. Through FL Technics and its subsidiaries - Storm Aviation, PT. Avia Technics Dirgantara, FL ARI Aircraft Maintenance & Engineering Company CO., LTD, ASG Group provides both line and base maintenance services. While Flash Line Maintenance S.R.L., Wright International Aircraft Maintenance Services Inc., both subsidiaries of FL Technics, provides line maintenance services.

FL Technics occupies 5 aircraft maintenance hangars together with administrative, warehouse and back shop facilities in Vilnius International Airport, Kaunas International Airport, Soekarno - Hatta International Airport, Jakarta, London Stansted Airport and Harbin Taiping International Airport, China – 50,600 sq. meters in total. The hangars are comprised of total 8 airframe maintenance bays in Vilnius International Airport and Kaunas International Airport, 3 bays in London Stansted Airport, 4 bays in Harbin, China and 3 more bays in Jakarta. Utilizing these hangars and the nearby premises FL Technics provides base maintenance services, including: aircraft base maintenance checks, structure inspection and structure repairs, routine maintenance, technical defect rectification, interior refurbishment, minor/major modifications (avionics, airframe), engine replacement, landing gear replacement and non-destructive testing.

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. As at 31 December 2020 ASG Group subsidiaries collectively operated sixty-three-line station (at 31 December 2019– thirty-three-line station).

Helisota is international provider of Maintenance, Repair and Overhaul (MRO), Upgrades and Training services for rotor craft aviation. The company is holding Interstate Aviation Committee (MAK) certificate for MI-8/17/171/172 helicopters (including all modifications) as Overhaul and Repair center. In addition, Helisota is EASA Part 145 approved maintenance organization for Airbus Helicopters as well as authorized Robinson Helicopters service center. Helisota is also providing EASA Part 147 certified maintenance training services. The company is approved by GosNII GA and ASA100 organizations for supply of aviation spares as well as is approved company according to ISO 9001 and AQAP-2120 quality management systems. Based on existing certificates and decades of experience, Helisota is successfully delivering services for government and private helicopter operators worldwide.

Continuing airworthiness management (engineering) services

FL Technics provides comprehensive engineering management services to the aircraft operators, airlines and leasing companies. Basic engineering services provided by *FL Technics* include: aircraft airworthiness review and renewal, engine condition monitoring, aircraft weighting, flight data read-out, monitoring and analysis and ageing aircraft programs.

Engine, Airframe and Material Services

FL Technics purchases, sells, exchanges, leases, repairs engine and airframe assets (engines, landing gears, APUs), spare parts and materials, wheels & brakes, tools & ground support equipment, consumables & chemicals. The company is official distributor fo r a large number of parts and equipment manufacturers. Having inventory of fast-moving assets, parts and materials, combined with strong supply network allows the company to provide our services to hundreds of airlines, MROs, leasing and parts trading companies. FL Technics also provides tailor-made airframe parts power-by-the-hour programs, as well as pay-per-cycle wheels &brakes management programs. As part of sourcing the materials for trading and for programs, airframe and engine teardowns are made. FL Technics has strong know-how in engines maintenance and engineering, which allows the company to invest into engine assets, provide engine repair and management solutions. As an extension of engine services to the customers, in Y2020 FL Technics Engine Services was launched which received PART-145 certificate by EASA and started operations in CFM family engine maintenance.

Technical training and consulting services

FL Technics and *Storm Aviation* provides technical training for aviation specialists involved in the maintenance and repair of aircraft, as well as other specialized training programs and consulting services. The training programs, which are drawn up in accordance with the requirements of EASA, cover four main areas: basic maintenance training, aircraft type training, specialized aviation training and other consulting services. *FL Technics* has developed specialized online training program specifically for aircraft technical professionals worldwide: www.147training.com. Specialized aviation training includes auditors training (theory and practice), wheels and brakes training, avionics components maintenance training, implementing rules – PART-M and PART-145 training, human factors training, fuel tank safety training, quality systems training, aviation legislation training, aircraft structure repair training, engineering and planning procedures training, material management and logistics training, escape slides and life preservers maintenance training and engine borescope inspection (CFM56-3) training.

Other MRO services

Other MRO services are mainly comprised of non-destructive testing (eddy current, magnetic particle, dye penetrate and ultrasonic) of airframes and components services provided by *FL Technics* and its subsidiaries, and of aircraft parts marketplace services provided by *Locatory.com.*

Locatory.com develops and maintains its own trading platform catered specifically to the aircraft spare parts aftermarket while offering proactive customer support and enhancing the industry with effective supply chain management solutions. *Locatory.com* developed Sensus MRO a web-based ERP solution for the MRO industry, which easily integrates with other software services and ensures connectivity. With the start of one year ago Locatory.com is also well known as Enginestands.com aircraft engine stand leasing services provider in the aviation market.

Business jet MRO

Business jet MRO operations are carried by the Group through *Jet Maintenance Solutions (Jet MS) and JetMS Regional*. *Jet MS* provides base and line maintenance services for business and regional aircraft: Bombardier CRJ 100/200/440, Bombardier Challenger 604/605/850, Bombardier Global 5000/6000, Hawker Beechcraft 700/800/800XP/850XP/900XP/750. The company represents many global OEMs in various regions followed with full logistic chain services and skilful engineer consultations. Also provides spare parts supply, avionics, jet engines, landing gear, auxiliary power units, logistics, aircraft conversion, aircraft painting, cabin refurbishment, modification, and engine management solutions for a wide range of other businesses and regional jets. *JetMS Regional* is an Approved Maintenance Organisation under Part-145 and provides base and line maintenance services for business and regional aircraft. Embraer Legacy 600/650 and Embraer ERJ135/145 aircraft types. The company represents many global OEM's in various regions followed with full logistic chain services and skilful engineers' consultations. Also provides aircraft spare parts supply, avionics, jet engines, landing gear, auxiliary power units, logistics, aircraft conversion, aircraft painting, cabin refurbishment, modification and engine management solutions for a wide range of other businesses and regional jets.

Jet MS is a member of European Business Aviation Association and recently became an Ambassador of newly established Sustainability platform. By becoming an Ambassador, Jet MS will contribute more to EBAA's core mission to create responsible and sustainable growth for Business aviation.

Aircraft Ground Handling, Fuelling and Logistics services

Aircraft ground handling, fuelling and logistics services are conducted by Baltic Ground Services UAB and its subsidiaries which are jointly referred to as Baltic Ground Services. Baltic Ground Services is a regional group of ground handling companies, which provide full range of aircraft ground handling, fuelling and logistics services. As at 31 December 2020, Baltic Ground Services activities were concentrated in airports of Lithuania, Latvia, Estonia, Ukraine, Czech Republic and Russia.

Baltic Ground Services is one of the reliable partners for clients in the International Carriage of Dangerous Goods by Road (ADR Logistics) business field. Baltic Ground Services LT and Baltic Ground Services LV were serving own needs for transportation of aviation fuel to Lithuanian and Latvian airports. At the same time Baltic Ground Services LT remained to be a strategical partner of Neste in Lithuania, providing services of fuel deliveries to all Neste gas stations in the country. Good partnership and high level of service quality over 5 years in Lithuania lead to winning a tender for logistic services in Neste Latvian subsidiary. Baltic Ground Services DE maintained transportation operations in Germany, serving one of the major players in the market of aviation fuel sales, exploring Slovakian and Italian markets as well.

Aviator Airport Alliance AB and its subsidiaries which are jointly referred to as (Aviator) are the largest independent ground handling company in the Nordics. Aviator is a full-range provider of aviation services, taking care of airlines, passengers and equipment at 15 airports from Copenhagen to Tromsö. The company offer a wide range of support services meeting the needs, from passenger and baggage handling through de-icing, cargo and full freight handling to station services, including airport security and the NORDIC DINO Aircraft Washing Robot.

In 2020 Aviator was acquired by Avia Solutions Group which opened a global network to companies offering aviation services. A cooperation with Baltic Ground Services UAB was quickly established. Denmark secured long-term agreements with airlines such as Ryanair, Lufthansa Group and Air France-KLM Group. In Finland, Aviators high level of service quality led to winning a tender for ground handling services for Finnair starting in 2021, the tender was one of the largest in the history of the company. In Norway and Sweden, Aviator won significant tenders for SAS and extended the existing agreement with Norwegian. The impact of COVID-19 was unprecedented resulting in activities throughout the company to reduce complexity, simplifying operation, reduce fixed cost as well as securing new and existing long-term partnerships with clients.

Crew Training and Staffing

Crew training and staffing operations are carried through BAA Training.

BAA Training, consisting of BAA Training JSC, BAA SIM2 JSC, and BAA Training Vietnam LLC, is a globally recognized provider of tailored training solutions delivered through a personal approach. It introduced two additional brand names in 2020: BAA Training China, working under the BAA Training JSC franchise, and BAA Training Spain, established as BAA SIM2 EP.

BAA Training is one of the Top 3 biggest independent aviation training centres in Europe. Certified as an Approved Training Organization (ATO), the company offers fixed-wing Ab Initio, Type Rating, Cabin Crew, Ground Handling, Flight Dispatcher training solutions, including online training courses. While being an internationally recognised aviation training provider, the academy focuses on delivering individual and flexible aviation training solutions to individuals and companies worldwide.

In 2020, BAA Training offered training solutions for 15 types of aircraft on 69 Full Flight Simulator in 29 locations in Europe, North and South Americas, Africa, and Asia. Today BAA Training certificates are valid in all EASA countries. In addition, additional specific approvals are issued by Belarus, Brazil, Cambodia, France, Kazakhstan, Lybia, Russia, Nepal, Seychelles, Thailand, Ukraine, and Vietnam authorities.

BAA Training companies' premises in Europe occupy approx. 10,000 sq. meters in Lithuania and Spain. They form Ab Initio school and Type Rating training complexes with modern auditoriums, briefing and debriefing rooms, rest areas, and dining rooms. The facilities are fully equipped with specialised training devices.

BAA Training Vietnam has been established in 2018 as a response to growing pilot demand in Vietnam and the Asia-Pacific region. As the construction of modern and spacious 3000-square-meter training facilities located just a 30-minute drive from the airport has been completed in 2019. The independent Approved Training Organisation (ATO), approved by Civil Aviation Authorities of Vietnam (CAAV), holds additional authorizations from Cambodia and Thailand authorities. Along with its spacious classrooms and briefing/debriefing rooms, the training centre operates the most technically advanced brand-new training equipment: A320ceo FFS, A320neo FFS, A320 IPT device, and V9000 Commander for firefighting training. BAA Training Vietnam training centre is designed to accommodate 4 full flight simulators in total. In 2020, BAA Training Vietnam became the first approved UPRT training provider in the market.

BAA Training offers a variety of Ab Initio programs for individuals: PPL(A), CPL(A), ATPL(A), and additional modules. Back in 2016, the firm introduced its first Cadet Program with an airline. In 2019, the training provider partnered with Turkish Airlines and LOT Polish Airlines to prepare cadets. In addition to those significant contracts, BAA Training has entered into a partnership with ENAC (Ecole Nationale de l'Aviation Civile) for pilot training. Responding to the industry needs, BAA Training introduced MPL training program in 2019 with the main focus on competency-based training instead of task-based training. A decision was made to conduct 80% of flight training in a multi-piston aircraft and add a full flight simulator to the learning. Besides, it integrated airline procedures into the MPL training program so that future pilots would get accustomed to them from the first training days. MPL training program itself aims to prepare high proficiency pilots for the work at an airline.

Furthermore, BAA Training is constantly developing advanced training programs. In 2019 BAA Training was one of the first training providers to add a new non-technical module into its training syllabus – NTS training. This enhancement was introduced as a step closer to implementing a new EASA's requirement to incorporate Area 100 KSA (Knowledge, Skills, and Attitudes) philosophy in Ab

Initio pilot training. BAA Training has already accomplished this milestone as well and modernized its ATPL(A) program. The updated program is available for students starting their training from February 2021, even though the deadline to embed the c oncept for every training provider is January 31, 2022.

Moreover, the company is getting ready to launch a Pilot Peer Support Program, which soon becomes mandatory for every airline. The pilots in need will receive help in maintaining their psychological health that their peer volunteers will provide. The very same system will be available for Ab Initio students from the second quarter of 2021. BAA Training will become one of the first av iation academies to offer such support for student pilots, which will be feasible due to the vast airline partners' network.

In 2020, the BAA Training fleet reached 21 aircraft: 8 Cessna 172S, 11 Tecnam P2002JF, and 2 Tecnam 2006T. Three BAA Training flight bases for flight training are established at S. Dariaus and S. Gireno aerodrome in Lithuania, Lleida-Alguaire international airport, and Castellon Airport in Spain. Additional supporting airports Andorra–La Seu d'Urgell and Reus were also set to be used for flight operations in 2020. With the establishment of flight bases in the South, BAA Training ensures year-round flight training for all airline cadets.

BAA Training equipment in Lithuania, the headquarters equipped with 2 FNPT II (Flight Navigation Procedures Trainer), two A320 FTDs (Flight Training Devices), Boeing 737-300/400/500, Boeing 737-600/900, Airbus A320 Full Flight Simulators (FFS), Real Fire Fighting and Smoke Trainer, Airbus A320 Door and Over the Wing Exit and Slide Trainer as well as hangars for aircraft maintenance

BAA Training Spain commenced operations in Spain in 2018 by establishing its first Ab Initio flight training base in Lleida-Alguaire international Airport. In 2019, the company added another flight base in Spain's Castellón–Costa Azahar Airport. The latest addition - a brand-new training centre, BAA Training Spain, was established in 2019 near Barcelona-El Prat Airport (10 min drive). A 5,300-square-meter modern training centre is set to welcome clients with classrooms, briefing rooms, a luxury lounge, and brand-new training equipment suitable for pilot Type Rating and recurrent training, as well as wet and dry FFS lease services, becoming available in Q2 2021. BAA Training Spain has the capacity for 11 flight training devices: seven full flight simulators (FFS) and six FTD level 2. The first six flight simulators for Airbus A320, Boeing 737 MAX, and Boeing 737NG types, composing a mix of FTD level 2 and FFS, will be installed by the end of 2021. With this capacity, the company will be ready to accommodate the European market with more than 44,000 flight training hours and provide recurrent pilot training for approximately 4,300 pilots yearly.

BAA Training China is a new training spot in Asia working under the BAA Training franchise in Zhengzhou Airport Economic Zone (ZAEZ). The facility opened its doors to airline pilots in 2020 with the first B737 NG full flight simulator, modern classrooms, and luxury lounge zones. The plan is to fully equip it with 6 Boeing and Airbus family full flight simulators in the nearest future. The brand-new training center has a training capacity of 40,000 flight hours per year and can train approximately 4,000 pilots

Aviation Logistics and Distribution Services Segment

Aviation Logistics and Distribution Services segment provide services using aircraft to airline and non-airline customers using contracted capacity. This segment includes logistics services, a wide range of aircraft charter and leasing services to cargo, passenger and VIP charter clients across a broad spectrum of industries.

Aircraft, crew, maintenance and insurance (ACMI) operations

ACMI activity is carried through *Smartlynx Airlines SIA* (*Smartlynx*) with its subsidiaries and *Avion Express UAB and Avion Express Malta Ltd (Avion)*. *Smartlynx and Avion* also provide international passenger charter services.

Smartlynx's and Avion's core business is the provision of short- and long-term ACMI services to other carries globally. Smartlynx and Avion offer primarily wet lease and damp leases of their mainline narrow-body aircraft fleet, which, in turn, they source from lessors on the basis of dry leases.

Under "wet leases," Smartlynx and Avion, as lessors, provide an aircraft, complete crew, maintenance, and insurance to another airline or other type of business acting as a broker of air travel, as lessee, who generally pays by hours operated and is responsible for covering fuel expenses, airport fees and other duties and taxes. Typically, flights are operated under the lessees' flight numbers. Under "damp leases," Smartlynx and Avion, as lessors, provide an aircraft, flight crew and maintenance, but the lessees provide the cabin crew. In order to achieve higher cost efficiency, Avion has opened its own Part-145 line maintenance station in September 2019 in Amman, Jordan. In the end of 2020, Smartlynx stepped into ACMI cargo market by signing "wet lease" agreement with DHL. Smartlynx will operated two newly converted Airbus A321-200 freighters joining DHL's European air fleet. The new technically advanced narrow-body fleet type is adding capacity to meet the increasing demand for express cargo transportation worldwide.

Charter Services

Smartlynx operates passenger charter flights from Estonia and Latvia to various leisure locations across Europe, Africa and Asia, including Turkey, Greece, Italy, Spain, Tunis, Morocco and Egypt. Avion does not usually operate passenger charter flights, except for rare one-off contracts, however, it is expected to expand Charter services in 2021 by operating flights from Lithuania to various holiday destinations. Smartlynx's contracts are usually for a term of between one to two years; however, historically Smartlynx operated charter services in Riga and Tallinn for more than seven years, with contracts renewed each year. Due to the market size, usually one aircraft of up to 180 seats is split between two to three different tour operators. The tour operators are charged per seat block of the flight. The price is then adjusted to reflect changes in fuel prices as at the time of the flight; therefore the risk relating to fluctuations on fuel price is transferred to tour operators.

Cargo services

Cargo services are carried through Chapman Freeborn Holding (*CFG*) and its subsidiaries. CFG provides a wide range of aircraft charter and leasing services to cargo, passenger and VIP charter clients across a broad spectrum of industries. Services provided by CFG include sourcing aircraft to meet the client's charter requirements, and ensuring airlines and operators are thoroughly screened and monitored. CFG also offers a range of additional services including pre-flight advice and airport representation, and operates an in-house division which provides 24/7 assistance to customers, such as flight monitoring and securing ground handling, diplomatic clearances and flight permits. CFG also provides a broad range of other ancillary aviation consultancy services, including in connection with managing the response to oil spill incidents (including transportation of the necessary equipment, such as capping stacks), traffic rights, ground handling, fuel provision and diplomatic clearances.

CFG's primary focus is the provision of global air cargo charter solutions and arranging charters for the delivery of heavy and outsized equipment (e.g., oil and gas equipment, aircraft engines, and vehicles), time critical consignments (such as automotive cargo and manufacturing components), dangerous goods (e.g., explosives and gasses, flammable liquids, radioactive materials, etc.) and all other types of freight, for companies and suppliers in multiple industries.

CFG solutions are based on the analysis of the route, payload and timescale of the freight to be shipped. CFG is also able to organize part-charters, backloads and other commercially innovative solutions for ad-hoc, peak season and project cargo. In addition, CFG can organize cargo inspections at the manufacturer's facility, and advises on packaging requirements.

CFG also 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.

Through its subsidiary Intradco, CFG provides logistics solutions for animals of all shapes and sizes, including equine, livestock and exotics air transport services. Intradco has an in-depth knowledge of IATA's Live Animals Regulations and a specialized in-flight team who can accompany animals on flights to minimize any potential risks. Over the past thirty years, Intradco has worked with zoos, conservation groups, and private owners, across a variety of relocation projects for unusual and endangered species.

ACMI (wet lease) cargo activity

ACMI (wet lease) cargo activity is carried through Bluebird Nordic.

Bluebird Nordic’s core business is the provision of short- and long-term ACMI services to other carriers globally. Bluebird Nordic offers primarily wet lease of their mainline narrow-body, converted freighter, aircraft fleet, which, in turn, they source from lessors on the basis of dry leases.

Under “wet leases,” Bluebird Nordic, as lessors, provide an aircraft, complete crew, maintenance, and insurance to integrators and other airline or other type of business acting as a broker of cargo, as lessee, who generally pays by hours operated and is responsible for covering fuel expenses, airport fees and other duties and taxes. Typically, flights are operated under the lessees’ flight numbers. In order to achieve higher cost efficiency, Bluebird Nordic is approved Part M Maintenance Organization and EASA-145 and operates its own line maintenance stations at Liege in Belgium, at Keflavik in Iceland and Copenhagen in Denmark

Cargo Charter Services

Bluebird Nordic offers charter services to the air cargo market, from single full charters to series of charters. The customers are mainly charter brokers looking for a single full charter. Destinations are usually intra-Europe destinations, carrying time sensitive materials such as automotive industry parts, perishables, live animals, and pharmaceuticals. Occasional flights are from Europe to Africa, North and South America and Asia.

Bluebird Nordic also serves the general airfreight market to and from Iceland with scheduled services from Iceland to Ireland, Continental Europe and Canada. Bluebird Nordic serves more than 200 worldwide destinations through interline connections with UPS, Emirates and IAG (BA, Aer Lingus, and Iberia). Most of the export from Iceland is fresh fish and general cargo. Bluebird Nordic imports to Iceland consists of perishables, pharmaceuticals, general cargo as well as material for integrators through block space agreement.

On-board courier

CFG provides transportation solutions tailored to clients' specific requirements, with dedicated couriers accompanying each shipment from pick-up to delivery. CFG delivers for time-critical cargo, such spare parts, samples, prototypes and important documents, for companies and suppliers in the automotive, fashion, pharmaceutical, hi-tech sectors, aerospace and medical sectors. CFG utilises both individual contractors and a technological platform for booking and tracking shipments.

Private Jet Charter, Flight and Tour Operation services

The Group is involved in private jet charter operations related activities conducted through KlasJet UAB.

KlasJet is one of the leading private and corporate jet charter, providing exclusive flights to clients all over the world. The company has a proven reputation in aviation with over 20 years of combined experience in organising corporate and leisure flights for group transportation. Having one of the biggest Boeing 737-VIP fleets globally, KlasJet is distinctive, both in design and the highest quality service they provide.

Tiketa Tour UAB, Tiketa Tour OÜ, Kidy Tour OOO and Kidy Tour SIA collectively represent Tour Operations companies. The purpose of companies' activities is to provide clients with tour operator as well as other related services. Currently companies are offering a wide range of holiday tours into Turkish, Bulgaria and Egypt resorts. In order to become one of the leading travel operators in Baltic States, Tiketa Tour companies are actively working on developing digital business model which will lead to direct and online sale boost.

Aircraft Trading and Portfolio Management Segment

Aircraft Trading and Portfolio Management segment is engaged in the business of aircraft leasing, trading and management. These services are provided primarily through *Avia AM Leasing AB* and its subsidiaries.

Avia AM Leasing AB together with its subsidiaries acquire, lease and trade commercial aircraft. The Group's primary focus is on the market for used aircraft, primarily on aircraft of ten years of age or older. The Group is principally engaged in purchasing commercial aircraft which the Group, in turn, lease to airlines around the world to generate attractive returns on equity. The Group leases its aircraft to airlines pursuant to net operating ("dry") leases that require the lessee to pay for maintenance, insurance, taxes and all other aircraft operating expenses during the lease term.

In addition to aircraft operating lease activities, the Group is actively engaged in aircraft trading business through acquiring, refurbishing and subsequent sale of aviation assets. Through long-standing relationships and extensive market knowledge, the Group acquires aircraft from airline operators, other lessors, trading entities, financial institutions and directly from the manufacturers. These acquisitions are made with the intent of subsequent sale of the aircraft either in "as-is" condition or after performing certain technical modifications in order to meet the client's requirements.

While Group's primary business is to own, lease and trade aircraft, the Group also provides consulting, aircraft transaction management and remarketing services to third parties for a fee. These services are similar to those the Group performs for its fleet, including leasing, re-leasing, lease management and sales services. Thanks to Group's extensive market intelligence gathered from its daily contacts with other market participants, the Group is well positioned to advise its clients on the best terms and conditions available in the market, and to provide assistance and know-how to its clients in the field of structuring and maintaining their aircraft portfolios.

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.

Tiketa is the industry leader for ticket distribution in Lithuania. Up until 2020, Tiketa was serving 10,000 events and was selling 1 million tickets annually. Tiketa was founded in 2004 with a sole focus on event tickets but diversified its portfolio as years went by and today also offers leisure and entertainment coupons, online events and live broadcasts, museum and gallery tickets, travels and many more. Tiketa is a forward-thinking and tech-savvy company, known for bringing innovative technological solutions to the ticketing industry.

Avia Solutions Group arena is the biggest universal arena in Vilnius. Opened in 2004, It is the only venue in the capital of Lithuania that meets international requirements, therefore, it attracts many high-caliber events from abroad. Alongside concerts and shows, the arena is known for hosting a wide range of international sports competitions from handball and hockey to futsal and basketball. The venue is also often used for music, cinema, and TV production. Avia Solutions Group arena is planning to begin reconstruction in 2022 to increase its seating capacity to 16,500 and become the largest and most technologically advanced arena in North Europe.

Cido arena is a third largest arena universal in Lithuania, situated in Panevėžys. Opened in 2008, arena is the home court for BC Lietkabelis and hosts around 100 events annually. Cido arena's versatility allows it to be adapted to various sports and attracts international events such as European Basketball Championship matches which were hosted here in 2011. Arena is best known for track cycling – it is the only arena in Baltic states with a covered bike track and has a world-class velodrome facility. As a result, the arena hosted the 2012 UEC European Track Championships.

SEVEN Live is an event management company, specializing in organizing concerts and shows across the biggest venues of Lithuania and other countries. SEVEN Live offers all event-related services from lighting equipment and security to transportation and catering. The company organizes a wide range of events – music shows, festivals, sports events – and is known for working with world-class names such as Metallica, Cirque Du Soleil, Elton John, Aerosmith, Depeche Mode, Sting, Kylie Minogue, Lenny Kravitz, Lana Del

Rey, One Republic and many more. It has also helped in organizing EuroBasket 2011, 2012 UEC European Track Championships and FIFA Futsal World Cup 2022. SEVEN Live so far has organized more than 300 events that were attended by 1.000.000 people.

DG21, UAB represents accommodation and catering companies. The company's goal is to provide accommodation and catering services in the 4- stars segment. Currently, the company is expanding and instead of 105 rooms in 2021 September will offer 165 rooms.

In 2020 Busnex started to cooperate with different producers from China and import to Europe electric transport units. For today Busnex already presented to the market electric cars from China – SERES; electric buses (biggest bus producer in the world) – Yutong; charging infrastructure producers – Tiamaes.

Railway Semi-Wagons Lease

In 2020 wagons fleet of the BGS Rail has increased up to 2317. Also, by acquiring 505 grain wagons company has entered into a new business segment – logistics services. Due to such business expansion company has become seventh largest player among private wagon operating companies in Ukraine.

The Group's vision and mission

The Group's vision is to be the best partner in aviation related services in the region. By employing professionalism of our employees, taking responsibility and being flexible in finding the best way to improve any situation we enable customers to focus on their core activities. The Group's mission is to create value for shareholders and customers by providing professional and high-quality aviation related services.

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 2020 *Avia Solutions Group PLC* and its subsidiaries (hereinafter – the Group) generated net loss of EUR 49,6 million (in 2019 net profit - EUR 12,1 million). The consolidated revenue has increased up to EUR 695,7 million, or by around 15% as compared with EUR 607,3 million in 2019.

Key figures of the Group

Financial ratios	2020	2019
Return on equity (ROE)* (%)	-18.9	3.5
Gearing ratio** (%)	45.5	46.2
Equity to total assets ratio*** (%)	28.9	31.5
Liquidity ratio	1.3	1.8
Number of full-time employees at the end of the period	3 507	3 467

* - ***Return on equity (ROE)*** = *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*

Financial figures	2020	2019	Change
Revenue (EUR thousand)	695 672	607 300	*+14.6%*
Operating profit (EUR thousand)	(18 235)	25 767	*-170.8%*
Operating profit margin (%)	*-2.6*	*4.2*	*-6.8 p.p.*
Profit (loss) before income tax (EUR thousand)	(45 809)	17 842	*-356.7%*
Net profit (loss) for the period (EUR thousand)	(51 605)	12 130	*-525.4%*
Net profit (loss) for the period margin (%)	*-7.4*	*2.0*	*-9.4 p.p.*
Profit (loss) for the year attributable to equity holders of the parent	(59 800)	11 287	*-629.8%*
Earnings per share (EUR)	(0.772)	0.475	*-1.247*
Weighted number of shares (thousand)	77 414	23 776	*+225.6%*

Operating figures	2020	2019	Change
Number of SOLD man-hours in base maintenance	547 629	692 785	*-21.0%*
Number of SOLD man-hours in engineering	62 203	77 862	*-20.1%*
Number of SOLD man-hours in maintenance training	13 932	17 228	*-19.1%*
Number of line stations at the end of the period	64	33	*+31*
Number of aircrafts served	39 345	18 103	*+117.3%*
Number of passengers served	4 289 062	1 893 760	*+126.5%*
Volume of fuel sold (tonnes)	69 175	225 603	*-69.3%*
Logistics (km)	8 589 150	9 887 853	*-13.1%*
Number of lease days for rail wagons	623 329	221 500	*+181.4%*
Number of rail wagons at the end of the period	2 295	1 199	*+1096*
TRTO - Number of sold theoretical training hours	6 242	14 368	*-56.6%*
TRTO - Number of sold practical training (FFS) hours	13 741	31 046	*-55.7%*
AbInitio - Number of SOLD flight hours	12 313	14 866	*-17.2%*
AbInitio - Number of SOLD FNPT hours	3 661	3 064	*+19.5%*
Number of FFS at the end of the period (owned)	6	5	*+1*
Number of aircraft at the end of the period (owned or leased)	54	54	-
Block Hours (Aviation Logistics and Distribution Services segment)	41 495	22 158	*+87.3%*

Revenue related to operations

The total consolidated Group's revenue for the year ended 31 December 2020 was EUR 696 million, an increase by around 15 per cent over the total revenue of EUR 607 million for the year ended 31 December 2019.

During the period revenue growth was noticed in *Aviation Logistics and Distribution Services segment* as compared to the same period in 2019. Revenue to external customers in this segment increased by EUR 223,9 million and amounted to EUR 367,2 million in 2020 as compared to EUR 143.3 million in 2019, which is a 156% increase. The growth was impacted primarily by significant demand of cargo services during COVID19 pandemic period. Cargo services contributed EUR 287.1 million in Group revenue during 2020.

In 2020 *Aviation Support Services segment* revenue to external customers decreased by EUR 157.7 million and amounted to EUR 228,6 million in 2020 as compared to EUR 393,3 million in 2019. The decrease was caused due to significant decrease in all services of this segment during COVID 19 pandemic period.

Expenses related to operations

Due to significant decrease in aviation support services as mentioned above, cost of goods purchased during 2020 decreased by EUR 28,3 million to EUR 51,5 million as compared with EUR 79,8 million in the 2019. Costs of purchased services decreased by EUR 12.3 million to EUR 76.1 million during 2020 from EUR 88.3 million in 2019, this was also mostly driven by aviation support services.

Rent of aircraft, training and other equipment expenses increased by EUR 50,6 million from EUR 11,0 million during 2019 to EUR 61,6 million during 2020 as a result of significant increased Cargo activities.

The employee related expenses during 2020 increased by 50.7% and equalled to EUR 145.7 million compared with EUR 96.7 million in 2019 due to new subsidiaries acquired during 2020 which are disclosed in Note 33 of the Group's Financial Statements for the year ended 31 December 2020.

The increase in other operating expenses was mainly influenced by growth of consultation expenses by EUR 7,3 million to EUR 14,0 million during 2020 from EUR 6,7 million in 2019 and by growth of insurance expenses from EUR 2,9 million in 2019 to EUR 7,4 million in 2020 due to acquisitions of new subsidiaries during the period. Business travel expenses decreased by around 44% up to EUR 3.5 million due to COVID 19 pandemic and traveling restrictions during 2020 compared to EUR 6.3 million in 2019.

Net financial costs increased primarily as a result of interest expenses from bonds, which were issued at the end of 2019.

Balance sheet and cash flow

During the 2020 total assets of the Group decreased by EUR 153,7 million or 14% comparing with EUR 1 100 million as at 31 December 2019 primarily due to decreased level of inventory which was the result of sold aircraft and decreased level of short term bank deposit and cash due to significant investments made in 2020.

During the year ended 31 December 2020 total liabilities decreased by EUR 81,1 million down to EUR 672,9 million primarily due to significant decrease in lease liabilities which was the result of terminated or modified aircraft lease agreement as a part of Management actions aimed to mitigate COVID 19 pandemic risk.

During the year ended 31 December 2020 net cash flow used in investing activities was EUR 84.2 million. The Group invested EUR 93,1 million to purchase property, plant and equipment and intangible assets, EUR 55,3 million cash inflow from terminated bank deposits and EUR 31,4 million net cash outflow was the result of acquisition of new subsidiaries.

During the year ended 31 December 2020 net cash flow used in financing activities was EUR 47.4 million which was primarily due to repayment of lease liabilities (net outflow EUR 37,8 million) and repurchase of bonds (net outflow EUR 15,6 million).

Information about related party transactions

Information about related party transactions is provided in Note 34 of the Group's Financial Statements for the year ended 31 December 2020.

Related parties include the following:

- Entities having significant influence over the Group;
- Associates and joint ventures of the Group;
- Key management personnel of the Group;
- Other related parties.

Following the International Financial Reporting Standards as adopted by the EU, the parties related to the Group are the Group's associates, entities having significant influence over the Group, key management personnel of the Group and other related parties. Entities having significant influence over the Group are *PROCYONE FZE, VERTAS AIRCRAFT LEASING LIMITED, Vertas Cyprus Ltd, Vertas Management AB (the sole shareholder of Vertas Cyprus Ltd)*. Transactions with these companies are presented separately. Related parties also include subsidiaries of *Vertas Management AB* group. They are presented as other related parties. Transactions with related parties are carried out based on the arm's length principle.

The Group and its related parties are providing to each other business consulting and management services, aircraft maintenance, providing of spare parts, private jet charter services. During the 2020 amount of sales of aircraft maintenance services from the Group to related parties was EUR 1 018 thousand (2019: EUR 4 398 thousand). During the year ended 31 December 2020 amount of purchases of premises lease services was EUR 1 557 thousand (in 2019: EUR 1 680 thousand).

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 95,1 million (during 2019: EUR 26,2 million). The majority of capital investments were used for acquisitions and capital improvement of aircraft and acquisitions of full flight simulators.

Investments ('000 EUR)	**2020**	**2019**	**Change**
Aviation Support Services	26 503	12 326	*+115.02%*
Aviation Logistics and Distribution Services	12 259	12 261	*-0.02%*
Aircraft Trading and Portfolio Management	27 894	1 044	*+2 571.84%*
Unallocated business segment	28 460	520	*+5 373.08%*
Total investments	**95 116**	**26 151**	*+263.72%*

All details concerning the non-current assets of the Group are presented in the Consolidated Financial Statements for the year ended 31 December 2020 (Notes 5, 16, 17).

Research and development activities

During the year ended 31 December 2020 the Group invested into on-going improvements of Group's services and especially:

- Development of process-based IT solution for aircrafts MRO organization. Modules that will be developed: Bidding & Quoting, Planning, HR, Quality, Execution, Parts & Tools, integrations with 3rd party software, such as Airbus (AMM documentation), Quantum, Navision, etc.
- Development of modern web-based and cloud-enabled operation management solution for airports and ground handling operators. SENSUS.AERO provides following modules: AODB (Airport Operational Data Base), RMS (Resource Management System), FIDS (Flight Information Display System), PA (Public Announcement), Quality Control System, GSE (Ground Service Equipment) management, commerce and billing, reporting, Rostering (Staff planning), Slot Coordination System, Fuel Operation management, Fuel Storage Management and DCS (Departure Control System);
- XML invoicing for all BGS clients project. Already three clients are satisfied with the invoicing upgrade and numerous are in process to receive a specific XML format.
- Implemented e-learning system for faster, cheaper and better-quality employee trainings. This system also helps to standartize employee training throughout whole group.
- Started using video surveillance cameras to monitor quality of ground handling and fuelling operations. It allows fast and easy control of operations, reducing the risk of errors and increasing operations efficiency.
- Sensus MRO expanded its customers portfolio. Implementation of Sensus MRO system for new clients optimized their processes, daily operations and led to opportunity to gain competitive advantage in aircrafts maintenance market.
- Locatory.com IT team started developing additional Sensus MRO warehousing module which will help to achieve additional business value for MRO organizations.
- Growth of Enginestands.com products portfolio, new start of tools lease services provision and ISO certification led to geographical market expansion to Asia and the USA markets.

- Updated Locatory.com website had significant impact for platform database growth which achieved 12.1 billion aircraft parts and over 900.000 repair capabilities.
- With regulations shifting towards competency-based training, there is a need to standardize students' progress evaluation. Cloud-based machine learning and artificial intelligence software installed in the full flight simulators could help instructors dynamically learn the behavioral patterns indicative of pilot competence, measure the performance and compare it with the set benchmark standards.
- Project currently under research is a virtual reality integration in pilots' type rating training. After finding a trustworthy VR provider, the ultimate goal is to agree on the VR integration into training with the regulatory bodies. It will also be required to find the best way to use VR solutions in pilot training as additional or even as a substitute for some part of the Type Rating program.
- Tiketa Tour UAB, Tiketa Tour OÜ are implementing new B2B system to our partners which increase speed by 92%. Companies also started to develop new Website to increase user-friendliness for B2C segment.

Environmental protection

In its activities, the Group uses innovative means and the modern technological processes that meet all ecological standards and help reduce the negative impact on the environment.

- BGS has approved Sustainability policy which is applied in all subsidiaries and periodically reviewed for adequacy and relevance during the management review.
- All company's employees comply with environmental requirements in accordance with applicable state laws, local regulations of airports, and other controlling authorities.
- All BGS employees are properly trained, familiar with environmental policy and willing to implement it.
- We evaluate risks associated with environmental system to prevent or reduce the likelihood and consequence of incidents.
- Every incident should be reported immediately to company's manager, airport and other concerned authorities.
- Some examples what we've already done: used fuel, lubricants, chemicals and other hazardous waste are stored in special containers and sent for recycling; using and prefer electric powered transport; recyding office waste; perform audits/quality control and surveillance using CCTV; without need to travel using on-line training system; minimized till minimum our use of paper and other office consumables; reviewed and optimized company's transportation routes and etc. BAA Training is moving towards becoming a paperless ATO step by step. WEB Manuals platform allows the company to store and manage all manuals, revisions, and approvals online.
- BAA Training by internally developing intelligent business management software designed specifically for aviation training centers – MOMook, – the academy avoids wasting lots of paper as all Ab Initio school examinations are being managed online. It covers all: test creation, examination, and evaluation. Additionally, all students' and instructors' documents are being stored online.
- Tiketa Tour UAB already implemented digital invoice system Omniva which lead to decrease of paper consumption in the company by around 80%.

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 2020 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 law violations, 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.). Legal department manages legal compliances risks – lawyers are involved in agreement review process.

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 the year. 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.

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.

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures primarily with respect to US Dollar (USD), British Pound (GBP), Swedish Krona and Russian Ruble (RUB). 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 the Group's Financial Statements for the year ended 31 December 2020.

Significant post balance sheet events

All significant post balance sheet events of the Group are presented in the Note 37 in the Consolidated Financial Statements for the year ended 31 December 2020.

Impact of COVID-19

During 2020 Avia Solutions Group operations were significantly impacted by the spread of COVID-19 virus. The coronavirus (COVID-19) pandemic has created an unprecedented situation all around the world, which has affected all business sectors.. On 11 March 2020 the World Health Organization declared the coronavirus outbreak a pandemic. Responding to the potentially serious threat the COVID – 19 presents to public health, all the countries have taken measures to contain the outbreak, including introducing restrictions on traveling, entry restrictions and the 'lock-down' of certain industries, that had a significant impact on the aviation and related services where the Group operates. . As at the date of issue of the financial statements Aviation Support Services segment has been operating at a decreased capacity in MRO services such as base maintenance, engineering services, line maintenance services, spare parts trading and services such as training were virtually suspended. Ground handling and fueling services related to passenger services were operating at decreased capacity mainly driven by fluctuation of aircraft rotations and continued servicing for cargo aircraft.

Plans and forecasts

Management assessed the liquidity of the Group by projecting cash flows for the next twelve months and considered the level of liquid assets necessary to meet these. Those group companies that have experienced most significant negative impact due to latest COVID-19 outbreak related events will rely on financial support and funds available within the Group. Management applied conservative approach for the forecast and stress tested worst case scenario, which includes the assumption that demand in 2021 will not recover and business would continue to trade at 2020 levels. The analysis showed that the Group maintains sufficient cash and is able to provide financial support to enable subsidiaries to continue operations for at least twelve months from the date of approval of the financial statements, if needed.

In management's view, the above factors support the assertion that 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. The assessment of an entity's ability to continue as a going concern is presented in Note 4 in the Consolidated Financial Statements for the year ended 31 December 2020.

III. INFORMATION ABOUT SHARE CAPITAL AND SHAREHOLDERS

Share capital

On 31 December 2020 and on 31 December 2019 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.

On 31 December 2020 and on 31 December 2019 the share premium of the Company amounted to EUR 282 158 thousand. During

2020 there was no movement of share premium.

Shareholders

Shareholders, holding more than 5 per cent of the share capital and votes, as on 31 December 2020:

		31 December 2020	
		Number of shares	**Percentage owned**
1.	FZE PROCYONE	39 179 969	**50.37%**
2.	VERTAS AIRCRAFT LEASING LIMITED	17 078 622	21.96%
3.	Mesotania Holdings Ltd.	11 416 335	14.68%
4.	Other Shareholders	10 102 851	12.99%
	Total issued	**77 777 777**	**100.00%**
	Treasury shares	370 014	0,48%
	Total	**77 407 763**	

The number of shares directly owned by the Management of the Company and Directors of the Board as on 31 December 2020 is listed in the table below:

Name	Role in the Company's Management	Number of shares	%
Jonas Janukėnas	Member of the Board of Directors, CEO of AVIA SOLUTIONS GROUP PLC	174 535	0.22
Žilvinas Lapinskas	Member of the Board of Directors, CEO of FL Technics UAB	312 480	0.40
Linas Dovydėnas	Member of the Board of Directors	322 478	0.41
Vygaudas Ušackas	Member of the Board of Directors	65 000	0.08
Aurimas Sanikovas	Member of the Management Board until 14 July 2019, CFO of AVIA SOLUTIONS GROUP PLC	529 210	0.68

From February 2019, the ultimate controlling party who holds 71,20% of the Group is Gediminas Žiemelis. Before February 2019, there was no ultimate controlling party, just entities having significant influence. There were no changes in the ultimate controlling party during 2020.

Treasury stocks

As at 31 December 2020 the Group has 370 014 treasury shares which are deducted from equity attributable to the Group's equity holders. On 31 December 2019 the Group had 270 014 treasury shares which were deducted from equity attributable to the Group's equity holders.

Shareholders' rights

None of the shareholders of the Company have any special controlling rights. Rights of all shareholders are equal. One ordinary registered share of *AVIA SOLUTIONS GROUP PLC* gives one vote in the General Meeting of Shareholders. As mentioned above one of the Company's' subsidiaries owned 370 014 shares of the Company **as** at 31 December 2020 (270 014 as at 31 December 2019).

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

Dividends

During 2020 dividends for amount of EUR 675 thousand were paid to minority shareholders, no dividends were declared or paid to the equity holders of the parent Company. The Company has not declared or paid out to the shareholders any dividends during the year ended 31 December 2019.

IV. INFORMATION ABOUT BOARD OF DIRECTORS

Board of Directors is a collegial management body of the Company consisting of five 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 Žiemelis	Chairman of the Board of Directors
Jonas Janukėnas	Member of the Board of Directors, CEO of Avia Solutions Group
Žilvinas Lapinskas	Member of the Board of Directors, CEO of FL Technics UAB
Linas Dovydėnas	Member of the Board of Directors, CCO of Avia Solutions Group
Vygaudas Ušackas	Member of the Board of Directors

All of them were members of the Board throughout the year 2020. Member of the Board Mr Linas Dovydėnas, Mr. Gediminas Žiemelis, and Mr Žilvinas Lapinskas were appointed as Directors on the 12th of July 2019. Mr. Vygaudas Ušackas was appointed as Director on the 16th of September 2019.

In accordance with the Company's Articles of Association Messrs Jonas Janukėnas and one of Linas Dovydėnas, Gediminas Žiemelis and Žilvinas Lapinskas will retire at the next Annual General Meeting and, being eligible, offer themselves for re-election.

V. OTHER INFORMATION

Information about trading in the Company's securities

As at 31 December 2020 equity securities of the Company and the Company's subsidiaries are not publicly traded.

On 3 December 2019 Avia Solutions Group PLC completed bonds issue process and issued USD 300 000 thousand of senior unsecured notes which included 7,875% USD interest. The notes are listed on the Global Exchange Market of the Euronext Dublin.

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 37.

Auditors

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

By Order of the Board

Managing Director
Jonas Janukėnas

Director
Vygaudas Ušackas

Chief Financial Officer
Robertas Čipkus