Avia Solutions Group

AVIA SOLUTIONS GROUP (ASG) Public Limited Company

Annual Report

For the Year Ended 31 December 2024

CONTENTS

(All tabular amounts are in EUR '000)

DIRECTORS' REPORT

Approved by the Board as at 24 April 2025

I. GENERAL INFORMATION

Reporting period **Year ended 31 December 2024**

Issuer and its contact details

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

The Directors present their report together with the audited consolidated financial statements of the Company for the year ended 31 December 2024.

Group structure

As at 31 December 2024, the Group consisted of the parent company, Avia Solutions Group (ASG) PLC and its subsidiaries and joint ventures which are disclosed in note 1 "General information" in the Consolidated Financial Statements for the year ended 31 December 2024. All changes in the Group structure are presented in Note 33.

As at 31 December 2024 Avia Solutions Group (ASG) PLC was headquartered in Building 9, Vantage West, Central Park, Dublin, D18 FT0C, Ireland and had a permanent establishment in the Republic of Lithuania, Dariaus ir Gireno st. 21a, LT-02188 Vilnius, Lithuania.

Main activities

Avia Solutions Group (ASG) Public Limited Company is a holding company and together with its subsidiaries (hereinafter collectively – the 'Group' or 'ASG Group') are engaged in integrated capacity management services for the aviation industry.

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

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

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

Logistics and Distribution Segment

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

Aircraft, crew, maintenance and insurance (ACMI)

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

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

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

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

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

Charter and Cargo services

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

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

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

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

Logistics and Distribution Aircraft Fleet

At 31 December 2024 Group maintained a modern fleet of 220 (2023: 200). out of which 9 (2023: 15) comprise a signed letter of intent (LOI) to acquire. The fleet consists of narrow and wide body passenger and cargo aircraft. The dominant types are from the Airbus A320 and Boeing B737 families. The Group provides integrated capacity management services through 11 AOCs (Air Operators Certificate) (2023: 11) to major airlines across the globe.

Support Services Segment

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

Aircraft Maintenance, Repair and Overhaul (MRO)

The 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.

The Group provides MRO services in 5 (2023: 5) aircraft maintenance hangars together with administrative, warehouse and back shop facilities in Soekarno - Hatta International Airport Jakarta, Vilnius International Airport, Kaunas International Airport, Glasgow Prestwick Airport and Denpasar Ngurah Rai International Airport. The Group is going to operate in Dominican Republic, hangar is under construction.

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 aircraft on ground (AOG) support troubleshooting, defect rectification and minor component replacements.

Aircraft Ground Handling, Fuelling and Logistics

The Group operates in 21 airports (2023: 25) across Northern and Central Europe, providing ground handling, de-icing, fuelling and fuel logistics services in airports of Denmark, Sweden, Finland, Norway, Czech Republic and Baltic countries.

The Group takes care of customer airlines' passengers and the aircraft while on the ground. This includes passenger and baggage handling, lounge services, de-icing, cargo and full freight handling and PRM services.

Crew Training and Staffing

The Group is one of the leading independent aviation training providers. The Group's training facilities operate in Spain, France, Lithuania and Vietnam. The Group holds EASA standard Approved Training Organizations (ATO) in Europe delivering Ab Initio and Type Rating training services. The Group offers a total of more than 45 training programs, including MPL, distance learning and virtual reality-based training options using a fleet of own simulators and a network of over 80 partners' simulators in 22 locations.

Unallocated Segment

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

II. FINANCIAL AND OPERATIONAL INFORMATION

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

In 2024, the Group generated a net loss of EUR 62.6 million (2023: net profit - EUR 68.2 million). The consolidated revenue has increased to EUR 2 692.2 million, or by around 19% as compared with EUR 2 262.8 million in 2023.

Key Financial figures of the Group

Financial figures	**2024**	2023	**Change**
Revenue (EUR thousand)	2 692 177	2 262 773	19.0%
EBIT (EUR thousand)	23 194	159 657	-85.5%
Operating profit margin (%)	0.86	7.1	-6.1p.p.
Cash generated from operating activities	293 694	268 214	9.5%
Adjusted EBITDA	459 923	392 111	17.3%
Adjusted EBITDA margin (%)	17.1	17.3	-0.2p.p.

Breakdown of reported vs. adjusted EBITDA

	2024	2023	**Change**
Reported	**387 793**	**398 937**	**-2.8%**
Cargo related impacts	41 614	-	
Sale of previously impaired debts	-	(19 571)	
Other non-recurring expenses	30 516	12 745	
Adjusted	**459 923**	**392 111**	**17.3%**

Group accounted cargo related right of use asset impairment was due to prolonged slowdown of narrow body cargo activity and oversupply in the market.

Financial ratios	**2024**	2023
Return on equity (ROE) (%)	(10.3)	19.6
Gearing ratio (%)	71.4	74.5
Equity to total assets ratio (%)	20.3	14.2
Liquidity ratio	0.9	0.8

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

Key Segment Figures

In 2024, the Logistics and Distribution segment revenues from external customers grew 20.8% and reached EUR 1 887 million (2023: EUR 1 562 million), mainly due to increased demand of passenger ACMI and charter operations. The segment's operating loss for 2024 was EUR 32.3 million (2023: operating profit - EUR 129.4 million), and the adjusted EBITDA margin was 19.3% (2023: 21.1%). Segment operating loss was mainly impacted by an increase in expenses related to numerous startup activities in counter-seasonal markets of South America and Asia Pacific.

The Support Services segment revenues' growth to external customers in 2024 was 12.1% mainly due to increased airport traffic, attracted new clients and MRO services demand and reached EUR 740.4 million in 2024 (2023: EUR 660.4 million). The Support Services operating profit for 2024 was EUR 69.0 million (2023: EUR 53.6 million) with an adjusted EBITDA margin of 12.3% (2023: 11.0%).

	Logistics and Distribution			Support Services		
Key financial figures by segments	**2024**	2023	%	**2024**	2023	%
Sales to external customers	1 887 059	1 562 148	21%	740 442	660 367	12%
Inter-segment sales	6 975	5 211	34%	64 393	44 553	45%
Total revenue	1 894 034	1 567 359	21%	804 835	704 920	14%
Gross profit	587 971	474 809	24%	449 232	373 232	20%
Operating profit (loss)	(32 274)	129 366	-125%	69 026	53 603	29%
EBITDA	294 391	336 296	-12%	100 113	79 583	26%
Non-recurring effects	69 084	(6 220)		(807)	(1 987)	
Adjusted EBITDA	366 195	330 076	11%	99 306	77 596	28%
Adjusted EBITDA margin %	19.3%	21.1%		12.3%	11.0%	

Adjusted EBITDA margin decreased compared to prior year due to increase in expenses related to numerous startup activities in counter-seasonal markets of South America and Asia Pacific.

Key Operating Figures of the Group

	2024	2023	**Change**
Block Hours Passenger (hours)	392 122	260 966	50.3%
Block Hours Cargo (hours)	33 666	35 337	-4.7%
Number of aircraft at the end of the period (owned or leased)*	220	200	20
Number of aircraft turnarounds (thousand)	194	174	11.8%
Training simulators number of hours sold (thousand)	63	60	4.4%
Number of training simulators at the end of the period (owned or leased)	17	13	4
Number of sold man-hours in MRO (thousand)	1 381	1 334	3.5%

* Includes 9 signed aircraft letters of intent in 2024 (2023: 15).

Revenue related to operations

The consolidated revenue for the year ended 31 December 2024 was EUR 2 692.2 million, an increase of 19.0% over the total revenue of EUR 2 262.8 million for the year ended 31 December 2023.

During the year significant revenue growth was observed in the Logistics and Distribution Services segment as compared to the same period in 2023. Revenue to external customers in this segment increased by 20.8% and amounted to EUR 1 887.1 million in 2024 as compared to EUR 1 562.1 million in 2023. The growth was impacted primarily by significant demand for ACMI services.

In 2024, the Support Services segment revenue to external customers increased by 12.1% and amounted to EUR 740.4 million in 2024 as compared to EUR 660.4 million in 2023. The growth was driven by increased demand by a recovering aviation industry, which contributed to increased service delivery.

Expenses related to operations

Cost of goods purchased decreased by 12.5% to EUR 146.7 million during 2024 as compared with EUR 167.6 million in 2023. Due to growth in Support Services as mentioned above, the cost of services purchased during 2024 increased by 36.1% to EUR 161.4 million as compared with EUR 118.6 million in 2023.

Rent of aircraft, training and other equipment expenses increased by 37.1% and amounted to EUR 377.9 million in 2024 as compared to EUR 275.7 million during 2023 as a result of increased ACMI activities. In 2024, the relative costs as part of revenue increased to 14.0% from 12.2% in 2023.

The employee related expenses during 2024 increased by 26.0% and equalled to EUR 498.7 million compared with EUR 395.8 million in 2023 due to the increased number of employees during 2024 due to numerous startup activities in counter-seasonal markets of South America and Asia Pacific. In 2024, the relative employee expenses as part revenue increased to 18.5% from 17.5% in 2023.

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

Balance sheet and cash flows

As of 31 December 2024, the total assets of the Group increased by 22.0% to EUR 2 981.7 million (2023: EUR 2 444.5 million) primarily due to significantly increased right of use assets in ACMI entities for secured aircraft capacity in Logistics & Distribution segment.

As of 31 December 2024 total liabilities increased by 13.3 up to EUR 2 376.2 million (2023: EUR 2 096.6 million) primarily due to increased lease liabilities related to growth in Logistics & Distribution segment.

During the year ended 31 December 2024 net cash flows used in investing activities was EUR 190.5 million (2023: EUR 180.1 million). The Group invested EUR 230.8 million (2023: EUR 213.8 million) to purchase property, plant and equipment and intangible assets. The majority of investments were related to expansion of the Group for future revenue generation.

During the year ended 31 December 2024 net cash flows used in financing activities was EUR 125.3 million (2023: EUR 208.7 million) which was primarily due to repurchase of issued bonds (net outflows of EUR 167.6 million (2023: EUR 19.8 million)) and repayments of lease liabilities (net outflows of EUR 242.6 million (2023: EUR 151.4 million)).

Information about related party transactions

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

(All tabular amounts are in EUR '000)

Investments into property, plant and equipment

The Group has increased the level of its assets by investing in property, plant and equipment for the total amount of EUR 300.4 million (during 2023: EUR 217.1 million). Majority of the capital investments were used for aircraft acquisitions, aircraft leases, capital improvements of aircraft and acquisitions of full flight simulators.

	2024	2023	**Change**
Logistics and Distribution	211 348	142 662	48.1%
Support Services	26 041	40 041	-35.0%
Unallocated	63 043	34 396	83.3%
Total investments	**300 432**	**217 099**	**38.4%**

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

Environmental, Social and Governance (ESG)

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

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

Risk management

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

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

Strategic risk arises from adverse or erroneous business decisions, improper decisions implementation or lack of response to any political or regulatory developments. In 2024 the Group was constantly monitoring its strategic risk.

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

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

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

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

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

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

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

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

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

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

Going concern

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

Climate change

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

(All tabular amounts are in EUR '000)

III. INFORMATION ABOUT SHARE CAPITAL AND SHAREHOLDERS

Share capital

On 31 December 2024 the share capital of the Company amounted to EUR 28 194 444 (2023: EUR 22 555 555) and consisted of 97 222 220 (2023: 77 777 777) ordinary registered shares with a nominal value of 0.29 Euro each. All shares were fully paid up.

During March 2024, the Group entered into a Conversion and Undertaking Agreement with Certares Compass S.à r.l regarding the conversion of the preferred shares held in the Company into ordinary shares, constituting 20% ownership in the Company. As of 22 April 2024, the convertible preferred shares held by Certares Compass S.à r.l. (except for one, being the retained preferred share) were converted into ordinary shares.

On 31 December 2024 and on 31 December 2023 the share premium of the Company amounted to EUR 10 000 thousand.

Shareholders

Shareholders, holding more than 5 per cent of the share capital and votes, as of 31 December 2024 and 2023 are as follows:

		31 December 2024		31 December 2023	
		Number of shares	**Percentage owned**	**Number of shares**	**Percentage owned**
1	Ziemelis Holding FZ-LLC (prior year - FZE Procyone)	37 705 346	38.78%	37 702 473	48.48%
2	Vertas Management UAB	19 920 394	20.49%	61 500	0.08%
3	Certares Compass S.à r.l.	19 444 443	20.00%	-	-
4	Sventininkai UAB (previously Mesotania Holdings Ltd.)	11 416 335	11.74%	11 416 335	14.68%
5	Vertas Aircraft Leasing Ltd.	-	-	17 078 622	21.96%
6	Other Shareholders	8 735 702	8.99%	11 518 847	14.80%
	Total issued ordinary shares	**97 222 220**	**100.00%**	**77 777 777**	**100.00%**
	Treasury shares	-	-	-	-
	Total	**97 222 220**		**77 777 777**	
	Certares Compass S.à r.l.	1	100.00%	19 444 444	100.00%
	Total convertible preferred shares	**1**	**100.00%**	**19 444 444**	**100.00%**

The number of shares directly owned by the Board of Directors as of 31 December 2024 is listed in the table below are as follows:

Name	Role in the Company's Management	Number of shares	%
Jonas Janukenas	Member of the Board of Directors, CEO of Avia Solutions Group PLC	144 581	0.15
Zilvinas Lapinskas	Member of the Board of Directors, CEO of FL Technics UAB	206 706	0.21
Linas Dovydenas	Member of the Board of Directors	276 244	0.28
Pascal Jean Alexandre Picano	Member of the Board of Directors	30 000	0.03

The number of shares indirectly owned by Mr. Gediminas Ziemelis as of 31 December 2024 was 53 899 999 with effective ownership of 55.44% (2023: 57 622 867 – 74.09%).

Treasury shares

As at 31 December 2024 and 31 December 2023 the Group had no treasury shares which are deducted from equity attributable to the Group's equity holders.

Shareholders' rights

None of the ordinary shareholders of the Company have any special controlling rights. Rights of all ordinary shareholders are equal. One ordinary registered share of the Company gives one vote in the General Meeting of Shareholders.

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

Type of shares	Number of shares	Nominal value in EUR	Total nominal value in EUR
Ordinary registered shares	97 222 220	0.29	28 194 444
Convertible preferred shares	1	0.29	0.29

Dividends

During 2024, at Group level EUR 1 193 thousand were paid to minority shareholders.

On 24 October 2023, the Group declared a dividend amounting to EUR 24 996 thousand to its shareholders. At Group level EUR 1 540 thousand were paid to minority shareholders.

IV. INFORMATION ABOUT BOARD OF DIRECTORS

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

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

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

At Group level, all of Directors listed were members of the Board throughout 2024.

V. OTHER INFORMATION

Information about trading in the Company's securities

As at 31 December 2024 and 31 December 2023, the equity securities of the Company and the Company's subsidiaries are not publicly traded.

Accounting records

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

Audit committee

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

Directors compliance statement

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

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

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

3) A review of the arrangements and structures referred to at 2 above has been conducted during the financial year ended 31 December 2024.

Directors and secretary

Gediminas Ziemelis, Zilvinas Lapinskas, Linas Dovydenas, Thomas Klein, and Pascal Jean Alexandre Picano were appointed as Board of Directors of the Company on 1 March 2023, Jonas Janukenas was appointed director of the Company on 10 October 2022. In accordance with section 329 of the Companies Act 2014, the Directors and the Company secretary, HMP Secretarial Limited, who held office at 31 December 2024 and the interests in the shares of the Company are disclosed in section III above.

Political contribution

The Company has made no political donations or incurred any political expenditure during 2024 and 2023.

Disclosure of information to statutory auditors

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

Research and development

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

Events after the balance sheet date

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

Auditors

The independent auditors, Ernst & Young, were appointed during the year and have expressed their willingness to continue in office in accordance with Section 383(2) of the Companies Act 2014. A resolution giving authority to the Board of Directors to fix auditor's remuneration will be proposed at the Annual General Meeting.

VI. NON-FINANCIAL STATEMENT

The business model of the Company operates primarily in the aviation industry and the Group provides aircraft capacity with logistics and distributions services and provides supporting services.

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

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

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

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

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

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

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

Chief Executive Officer
Jonas Janukenas

Director
Zilvinas Lapinskas

BOARD OF DIRECTORS AND OTHER OFFICERS

Board of Directors:

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

Company Secretary:

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

Registered Office:

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

Registration Number:

727348

Auditors:

Ernst & Young Chartered Accountants
Harcourt Centre, Harcourt Street
Dublin 2, Ireland

DIRECTORS' RESPONSIBILITIES STATEMENT

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

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

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

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

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

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

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

Approved and authorised by the Board on 24 April 2025 and signed on its behalf by:

Chief Executive Officer
Jonas Janukenas

Director
Zilvinas Lapinskas

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AVIA SOLUTIONS GROUP (ASG) PUBLIC LIMITED COMPANY

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Avia Solutions Group (ASG) Public Limited Company (the "Company") and Subsidiaries (the "Group") for the year ended 31 December 2024, which comprise the Consolidated Statement of Profit or Loss and Other Comprehensive Income, Consolidated and Company Balance Sheets, Consolidated and Company Statements of Changes in Equity, Consolidated Statement of Cash Flows, and notes to the financial statements, including the material accounting policy information set out in note 2. The financial reporting framework that has been applied in their preparation is Irish Law and International Financial Reporting Standards ("IFRS") as adopted by the European Union and, as regards the Company financial statements, accounting standards including FRS 101 *Reduced Disclosure Framework* issued in the United Kingdom by the Financial Reporting Council.

In our opinion:
- the Group financial statements give a true and fair view of the assets, liabilities and financial position of the Group as at 31 December 2024 and of its loss for the year then ended;
- the Company financial statements give a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2024;
- the Group financial statements have been properly prepared in accordance with IFRS as adopted by the European Union;
- the Company financial statements have been properly prepared in accordance with FRS 101 *Reduced Disclosure Framework*; and
- the Group financial statements and Company financial statements have been properly prepared in accordance with the requirements of the Companies Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group and Company in accordance with ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's or the Company's ability to continue as a going concern for a period of at least 12 months from the date when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's ability to continue as a going concern.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AVIA SOLUTIONS GROUP (ASG) PUBLIC LIMITED COMPANY (CONTINUED)

Other information

The directors are responsible for the other information. The other information comprises the information included in the Directors' Report and Directors' Responsibilities Statement. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2014

In our opinion, based solely on the work undertaken in the course of the audit, we report that:
- the information given in the Directors' Report is consistent with the financial statements; and
- the Directors' Report, other than those parts relating to sustainability reporting where required by Part 28 of the Companies Act 2014, has been prepared in accordance with applicable legal requirements.

We have obtained all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

In our opinion the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited and the Company statement of financial position is in agreement with the accounting records.

Matters on which we are required to report by exception

Based on the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

The Companies Act 2014 requires us to report to you if, in our opinion, the disclosures required by sections 305 to 312 of the Act, which relate to disclosures of directors' remuneration and transactions are not complied with by the Company. We have nothing to report in this regard.

Respective responsibilities

Responsibilities of directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement set out on page 9, the directors are responsible for the preparation of the financial statements in accordance with the applicable financial reporting framework that give a true and fair view, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AVIA SOLUTIONS GROUP (ASG) PUBLIC LIMITED COMPANY (CONTINUED)

In preparing the financial statements, the directors are responsible for assessing the Group and the Company's ability to continue as going concerns, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the IAASA's website at: https://iaasa.ie/wp-content/uploads/docs/media/IAASA/Documents/audit-standards/Description_of_auditors_responsibilities_for_audit.pdf. This description forms part of our auditor's report.

The purpose of our audit work and to whom we owe our responsibilities

Our report is made solely to the Company's members, as a body, in accordance with section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Séamus Feeney

Séamus Feeney
for and on behalf of
Ernst & Young Chartered Accountants and Statutory Audit Firm

Office: Dublin

Date: 24 April 2025

Note: The maintenance and integrity of the Avia Solutions Group (ASG) Public Limited Company web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.

Legislation in the Republic of Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

(All tabular amounts are in EUR '000)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	Year ended 31 December 2024	2023
Revenue	5	**2 692 177**	**2 262 773**
Other income	5, 6	3 449	3 466
Cost of services and goods	5, 10	(1 628 379)	(1 406 560)
Depreciation and amortisation	5, 8, 16, 17	(364 599)	(239 280)
Employee related expenses	5, 7	(498 675)	(395 763)
Other operating expenses	5, 11	(138 221)	(97 360)
Increase in the provision for impairment of financial assets	5, 14	(15 681)	(919)
Increase in the provision for impairment of non-financial assets	5, 14	(48 553)	(3 303)
Other gains - net	5, 9	21 676	36 603
Operating profit	5	**23 194**	**159 657**
Finance income	12	57 933	24 747
Finance costs	12	(145 920)	(114 979)
Finance costs – net	12	**(87 987)**	**(90 232)**
Share in profit of equity-accounted investees	18	13	2 706
(Loss)/profit before income tax		**(64 780)**	**72 131**
Income tax credit/(expense)	13	2 197	(3 945)
(Loss)/profit for the year		**(62 583)**	**68 186**
(Loss)/profit attributable to:			
Equity holders of the parent		(65 744)	64 971
Non-controlling interests	26	3 161	3 215
		(62 583)	**68 186**

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

	Notes	Year ended 31 December 2024	2023
Other comprehensive income/(loss)			
Items that may be reclassified to profit or loss			
Loss on cash flow hedges, net of tax	36	(3 547)	(390)
Exchange differences on translation of foreign operations		21 738	(11 544)
Other comprehensive income/(loss) for the year		**18 191**	**(11 934)**
Total comprehensive (loss)/income for the year attributable to:			
Equity holders of the parent		(47 814)	53 159
Non-controlling interests		3 422	3 093
Total comprehensive (loss)/income		**(44 392)**	**56 252**

(All tabular amounts are in EUR '000)

CONSOLIDATED BALANCE SHEET - ASSETS

	Notes	As at 31 December 2024	2023*
Non-current assets			
Property, plant and equipment	16	1 723 662	1 410 635
Investment property	16	59 644	41 151
Intangible assets	17	151 848	139 622
Investments accounted for using the equity method	18	368	348
Deferred tax assets	30	72 029	38 486
Financial assets at fair value through profit or loss	31	10	1 289
Derivative financial instruments	36	6 023	2 774
Long-term bank deposits		362	865
Trade and other receivables	21	134 580	112 618
		2 148 526	**1 747 788**
Current assets			
Inventories	20	248 835	125 745
Trade and other receivables	21	335 482	327 359
Financial assets at fair value through profit or loss	31	16	371
Contract assets	22	41 957	35 986
Prepaid income tax		3 123	3 729
Short-term bank deposits		3 616	2 944
Cash and cash equivalents	23	184 701	200 553
		817 730	**696 687**
Non-current assets classified as held for sale	16, 23	15 399	-
		833 129	**696 687**
Total assets	5	**2 981 655**	**2 444 475**

CONSOLIDATED BALANCE SHEET – EQUITY AND LIABILITIES

	Notes	As at 31 December 2024	2023*
Equity attributable to the Group's equity shareholders			
Share capital	24	28 194	22 556
Share premium	24	10 000	10 000
Other reserves	35, 25	1 994	1 994
Merger reserve	25	(456)	(456)
Cash flow hedge reserve	36, 25	(51)	3 496
Cumulative translation differences		12 408	(9 069)
Retained earnings		541 978	313 360
Equity attributable to equity holders of the parent		**594 067**	**341 881**
Non-controlling interests	26	11 401	6 000
Total equity		**605 468**	**347 881**
Convertible preferred shares	37	-	352 576
Lease liabilities	27	1 032 356	786 959
Borrowings	27	320 833	29 985
Security deposits received	29	1 971	845
Trade and other payables	28	3 883	7 705
Provisions	19	19 890	15 813
Deferred income tax liabilities	30	23 879	17 161
Derivative financial instruments	36	-	1 464
Non-current liabilities		**1 402 812**	**1 212 508**
Trade and other payables	28	409 090	306 400
Provisions	19	50 496	38 944
Lease liabilities	27	310 354	219 148
Borrowings	27	35 866	184 749
Contract liabilities	5	117 020	98 155
Security deposits received	29	19 718	17 632
Derivative financial instruments	36	-	141
Current income tax liabilities		30 831	18 917
Current liabilities		**973 375**	**884 086**
Total liabilities		**2 376 187**	**2 096 594**
Total equity and liabilities	5	**2 981 655**	**2 444 475**

*The comparative figures have been revised to reflect the purchase price allocation (Note 33).

The Consolidated Financial Statements have been approved and signed on 24 April 2025:

Chief Executive Officer
Jonas Janukenas

Director
Zilvinas Lapinskas

(All tabular amounts are in EUR '000)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity attributable to equity holders of the Group										
	Share capital	Share premium	Treasury shares	Merger reserve	Other reserve	Cash flow hedge reserve	Currency translation differences	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 01 January 2023	**22 556**	**282 158**	**(1 644)**	**(456)**	**860**	**3 886**	**2 353**	**1 816**	**311 529**	**4 088**	**315 617**
Comprehensive income											
Net loss on cash flow hedges (Note 2.20)	-	-	-	-	-	(390)	-	-	**(390)**	-	**(390)**
Currency translation difference	-	-	-	-	-	-	(11 422)	-	**(11 422)**	(122)	**(11 544)**
Profit for the period	-	-	-	-	-	-	-	64 971	**64 971**	3 215	**68 186**
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**(390)**	**(11 422)**	**64 971**	**53 159**	**3 093**	**56 252**
Transactions with owners											
Dividends paid	-	-	-	-	-	-	-	(24 996)	**(24 996)**	(1 540)	**(26 536)**
Purchase of interest in subsidiary (Note 33)	-	-	-	-	-	-	-	-	**-**	359	**359**
Merger accounting impact (Note 23)	-	895 286	-	(895 286)	-	-	-	-	**-**	-	**-**
Transfer of merger reserve (Note 23)	-	-	-	895 286	-	-	-	(895 286)	**-**	-	**-**
Allocation to share-based payment reserves	-	-	-	-	1 134	-	-	-	**1 134**	-	**1 134**
Capital reduction	-	(1 167 444)	-	-	-	-	-	1 167 444	**-**	-	**-**
Sale of treasury shares	-	-	1 644	-	-	-	-	(589)	**1 055**	-	**1 055**
Total transactions with owners	**-**	**(272 158)**	**1 644**	**-**	**1 134**	**-**	**-**	**246 573**	**(22 807)**	**(1 181)**	**(23 988)**
Balance at 31 December 2023	**22 556**	**10 000**	**-**	**(456)**	**1 994**	**3 496**	**(9 069)**	**313 360**	**341 881**	**6 000**	**347 881**
Comprehensive income											
Net loss on cash flow hedges (Note 2.20)	-	-	-	-	-	(3 547)	-	-	**(3 547)**	-	**(3 547)**
Currency translation difference	-	-	-	-	-	-	21 477	-	**21 477**	261	**21 738**
Loss for the period	-	-	-	-	-	-	-	(65 744)	**(65 744)**	3 161	**(62 583)**
Total comprehensive loss	**-**	**-**	**-**	**-**	**-**	**(3 547)**	**21 477**	**(65 744)**	**(47 814)**	**3 422**	**(44 392)**
Transactions with owners											
Dividends paid	-	-	-	-	-	-	-	-	**-**	(1 193)	**(1 193)**
Purchase of interest in subsidiary (Note 33)	-	-	-	-	-	-	-	-	**-**	3 699	**3 699**
Preferred shares conversion to ordinary	5 638	-	-	-	-	-	-	294 362	**300 000**	-	**300 000**
Capital reduction	-	-	-	-	-	-	-	-	**-**	(527)	**(527)**
Total transactions with owners	**5 638**	**-**	**-**	**-**	**-**	**-**	**-**	**294 362**	**300 000**	**1 979**	**301 979**
Balance at 31 December 2024	**28 194**	**10 000**	**-**	**(456)**	**1 994**	**(51)**	**12 408**	**541 978**	**594 067**	**11 401**	**605 468**

(All tabular amounts are in EUR '000)

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	Year ended 31 December 2024	2023
Operating activities			
(Loss)/Profit for the year		(62 583)	68 186
Income tax expense/(credit)	13	(2 197)	3 945
Adjustments for:			
Depreciation and amortisation	5, 8, 16, 17	364 599	239 280
Increase in the provision for impairment of financial and non-financial assets	5, 14	64 234	4 222
Interest expenses	12	137 997	82 481
Foreign exchange loss/(gain)		7 308	(16 743)
Discounting effect on financial assets	12	2 566	3 010
Fair value (gain)/loss	12	(52 388)	26 685
Hedging initial transaction costs		1 574	-
Changes in other reserves		-	1 134
Gain on property, plant and equipment disposals and write-offs		(14 771)	(8 391)
Gain on sub-lease agreements		(3 262)	-
Gain on bonds repurchase	12	-	(498)
Gain on termination/modification of lease agreements	9	(1 929)	(1 733)
Other investing activities		468	-
Gain on subsidiaries disposal (as adjusted for leaseback transactions)	33, 9	-	(9 853)
Amortisation of government grants	2.20	(4)	(106)
Interest income	6, 12	(8 245)	(6 940)
Share of profit of joint ventures		(13)	(2 706)
Changes in operating assets and liabilities:			
- Inventories		(72 934)	6 901
- Trade and other receivables, contract assets		(2 796)	(76 500)
- Security deposits placed		(16 774)	(36 044)
- Accrued expenses for certain contracts		-	(86)
- Trade and other payables, advances received/contract liabilities		75 427	80 396
- Security deposits received		15 497	10 664
Cash generated from operating activities		**431 774**	**367 304**
Interest received		7 141	5 272
Interest paid	27	(131 204)	(79 833)
Income tax paid		(14 017)	(24 529)
Net cash generated from operating activities		**293 694**	**268 214**

The notes on pages 17 to 64 form an integral part of these financial statements.

	Notes	Year ended 31 December 2024	2023
Investing activities			
Purchase of property, plant and equipment		(230 833)	(204 822)
Purchase of intangible assets		(9 512)	(8 962)
Proceeds from the disposal of property, plant and equipment and intangible assets		6 519	21 152
Proceeds from aircraft sale and leaseback		57 737	6 621
Disposal of other investments		5 107	209
Loans granted		(6 028)	(4 541)
Repayments of loans granted		1 835	2 876
Bank deposits placed		(581)	(1 500)
Purchase of subsidiaries (net of cash acquired)	33	(11 888)	(9 473)
Sales of subsidiaries (net of cash disposed)	33	-	20 137
Payments for financial assets at amortised cost		(2 877)	(1 820)
Net cash used in investing activities		**(190 521)**	**(180 123)**
Financing activities			
Dividends paid		(1 492)	(25 995)
Increase on non-controlling interest (no change in control)	33	-	(359)
Bank borrowings received	27	33 158	1 110
Repayments of bank borrowings	27	(14 861)	(3 875)
Other borrowings received	27	1 220	1 035
Repayments of other borrowings	27	(4 733)	(9 238)
Debt issuance transaction costs	27	(7 262)	-
Issuance of bonds	27	278 836	-
Repurchase of bonds	27	(167 611)	(19 847)
Repayments of lease liabilities	27	(242 596)	(151 442)
Net cash used in financing activities		**(125 341)**	**(208 611)**
Currency translation difference		**6 316**	**(3 534)**
At beginning of year	23	**200 553**	**324 607**
Decrease in cash and cash equivalents	23	(15 852)	(124 054)
At end of year	23	**184 701**	**200 553**

(All tabular amounts are in EUR '000)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. General information

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

On 01 March 2023, the Company registered a permanent establishment of a foreign legal entity in Lithuania (identification number (code): 9004402687, VAT code: LT100015658116), which is operating in the territory of the Republic of Lithuania.

On 01 March 2023, a cross-border merger between Avia Solutions Group PLC and the Company was completed with the Company surviving. As of 01 March 2023, all assets, rights and liabilities of Avia Solutions Group PLC were acquired and taken over by the Company which will continue the business and activities of Avia Solutions Group PLC.

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

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

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

All of them were members of the Board throughout the years 2024 and 2023, except for Mr Vygaudas Usackas who resigned as a Director of the Company on 01 February 2023. On the same date, Mr Pascal Jean Alexandre Picano was appointed as a Director of the Company.

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

The shareholders' structure of the Company as at 31 December 2024 and 2023 was as follows:

	2024		2023	
	Numbers of shares	**Percentage owned**	**Numbers of shares**	**Percentage owned**
Ziemelis Holding FZ-LLC (prior year FZE Procyone)	37 705 346	38.78%	37 702 473	48.48%
Vertas Management UAB	19 920 394	20.49%	61 500	0.08%
Certares Compass S.à r.l.	19 444 443	20.00%	-	-
Vertas Aircraft Leasing Ltd.	-	-	17 078 622	21.96%
Sventininkai UAB (previously Mesotania Holdings Ltd.)	11 416 335	11.74%	11 416 335	14.68%
Vertas Cyprus Ltd.	-	-	2 780 272	3.57%
Indeco: Investment and Development UAB	734 163	0.76%	734 163	0.94%
Linas Dovydenas (the Member of the Board of Directors)	276 244	0.28%	306 938	0.39%
Zilvinas Lapinskas (the Member of the Board of Directors)	206 706	0.21%	247 205	0.32%
Jonas Janukenas (the Member of the Board of Directors, CEO)	144 581	0.15%	174 535	0.22%
Pascal Jean Alexandre Picano (the Member of the Board of Directors)	30 000	0.03%	30 000	0.04%
Other Shareholders	7 344 008	7.56%	7 245 734	9.32%
Total issued ordinary shares	**97 222 220**	**100.0%**	**77 777 777**	**100.00%**
Certares Compass S.a r.l.	1	100.00%	19 444 444	100.00%
Total issued convertible preferred shares (Note 37)	**1**	**100.00%**	**19 444 444**	**100.00%**

The ultimate controlling party of the Group is Gediminas Ziemelis. There was no change in the ultimate controlling party during 2024.

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

(All tabular amounts are in EUR '000)

1. General information (continued)

Name, Country of establishment	Share of Equity, % 2024	2023	
Logistic and distribution segment			
Chapman Freeborn Airchartering BV, Kingdom of Belgium	80	80	
Chapman Freeborn Airmarketing GmbH, Germany	100	100	
Chapman Freeborn Holdings Limited, The United Kingdom	100	100	
Chapman Freeborn International Limited, The United Kingdom	100	100	
Chapman Freeborn Airchartering Poland S.p z.o.o, Poland	100	100	
Chapman Freeborn Airchartering SL, Kingdom of Spain	100	100	
Chapman Freeborn Airchartering Limited, The United Kingdom	100	100	It is direct subsidiary of Zeusbond Limited. Effective ownership 75%
Intradco Cargo Services Limited, The United Kingdom	75	75	
Magma Aviation Limited, The United Kingdom	100	100	
Chapman Freeborn OBC GmbH, Germany	100	100	
Wings 24 Limited, The United Kingdom	100	100	
Arcus Air Logistic GmbH, Germany	100	100	
Arcus Air Logistic Iberica S.L.U., Spain	100	100	
Arcus Air Logistic s.r.o., Slovakia	100	100	
Arcus OBC Gmbh, Germany	100	100	
Zeusbond Limited, The United Kingdom	75	75	
Alltrans Management Pty Limited, Australia	100	100	
Chapman Freeborn Airchartering (China) Limited, The United Kingdom	100	100	
Chapman Freeborn Airchartering Consulting (Shanghai) Co Ltd, Republic of China	100	100	
Chapman Freeborn Airchartering Pvt Limited, India	100	100	
Chapman Freeborn Airchartering Pte Limited, Singapore	100	100	
Chapman Freeborn Handcarry Limited, Hong Kong	100	100	
Chapman Freeborn Airchartering Limited, Canada	75	75	
Chapman Freeborn Airchartering Inc, United States Of America	100	100	
Chapman Freeborn OBC Inc, United States Of America	100	100	
CF Couriers LLC, United States Of America	100	100	
Chapman Freeborn Aviation Services DMCC, United Arab Emirates	100	100	
Chapman Freeborn Airchartering (South Africa) Proprietary Limited, South Africa	100	100	
Chapman Freeborn Airchartering Limited, Afghanistan	100	100	
Chapman Freeborn Aviation (LLC), Saudi Arabia	100	100	
Chapman Freeborn Havacilik Tasimacilik Ticaret Limited Sirketi, Turkey	100	100	
Intradco Global DMCC, United Arab Emirates	75	75	
Chapman Freeborn OBC SdeRLdeCV, Mexico	100	-	Established in July 2024
Magma Aviation DMCC, United Arab Emirates	100	100	

Name, Country of establishment	Share of Equity, % 2024	2023	
Magma Aviation Global Services Limited, Ireland	100	100	
Magma International Limited, Ireland	100	100	
AviaAM Leasing Service Centre AB (previously: AviaAM Leasing AB), Republic of Lithuania	98.84	98.84	
AviaAM B02 UAB, Republic of Lithuania	100	100	
AviaAM B04 UAB, Republic of Lithuania	-	100	Merged to AviaAM B05 UAB in April 2024
AviaAM B05 UAB, Republic of Lithuania	100	100	
AviaAM B06 UAB, Republic of Lithuania	-	100	Merged to AviaAM B02 UAB in April 2024
AviaAM B08 Ltd., Bermuda	100	100	
AviaAM B10 Ltd., Republic of Ireland	100	100	
AviaAM B11 Ltd., Republic of Ireland	100	100	
AAL Capital Aircraft Holdings Ltd., Republic of Cyprus	100	100	
Boulevard Two Aircraft Ltd., Republic of Ireland	100	100	
Aero City 1 UAB, Republic of Lithuania	100	100	
AviaAM Leasing DMCC (previously: Avia Ultima Limited), Bermuda	100	100	
AviaAM Leasing Trading DMCC, Bermuda	100	100	
Skyroad Leasing UAB, Republic of Lithuania	100	100	
AviaAM Leasing PLC, Republic of Cyprus	100	100	
AviaAM Financial Leasing China Co. Ltd, Republic of China*	51	51	
SIA SmartLynx Airlines, Republic of Latvia	100	100	
SmartLynx Airlines Estonia OÜ, Republic of Estonia	100	100	
SmartLynx Airlines Crewing OÜ, Republic of Estonia	100	100	
SIA Smartlynx Technik, Republic of Latvia	100	100	
SIA Smartlynx Airlines Cabo Verde, Cabo Verde	100	100	
Air Holding Limited, Republic of Malta	100	100	
Smart Aviation Limited, Republic of Malta	100	100	
Smartlynx Airlines Lithuania UAB, Republic of Lithuania	100	100	
Smartlynx Airlines Malta limited, Republic of Malta	100	100	
SIA Smart Aviation Holdings, Republic of Latvia	100	100	
UAB Skyllence, Republic of Lithuania	100	100	
Avion Express Malta LTD, Republic of Malta	100	100	
Avion Express UAB, Republic of Lithuania	100	100	
Avion Express Germany GmbH, Germany	100	100	
Avion Express Brasil LTDA, Brazil	100	100	
EYJAFJOLL SAS, France	100	100	
BBN Cargo Airlines Holdings UAB, Republic of Lithuania	100	100	
Blafugl ehf (Bluebird Nordic), Republic of Iceland	100	100	

(All tabular amounts are in EUR '000)

1. General information (continued)

Name, Country of establishment	Share of Equity, % 2024	2023	
BBN Airlines Indonesia, Indonesia	100**	100**	
BBN Airlines Thailand Ltd. (prev. FL Technics Asia Co. Ltd.), Kingdom of Thailand	99.997 **	99.997 **	Previously in Support service segment
BBN Hava Yollari ve Tasimacilik Anonim Sirketi, Turkey	100**	100**	
BBN INVEST CAPITAL MANAGEMENT DMCC	100	-	Established in July 2024
KlasJet UAB, Republic of Lithuania	100	100	
BPC Travel UAB, Republic of Lithuania	99	99	
AirExplore S.R.O., Slovakia	100	100	
Ascend Airways Limited (prev. Synergy Aviation Limited), The United Kingdom	100	100	
ASCEND AIRWAYS MALAYSIA SDN. BHD., Malaysia	100**	-	Established in April 2024
AeroOpportunity Holdings Limited, Ireland	100	100	
AEROOPPORTUNITY HOLDINGS MALAYSIA SDN. BHD., Malaysia	100	-	Established in March 2024
Asia Pacific Leasing Co. SAS, France	100	100	
Avia Management Group Asia Pte. Ltd, Singapore	100	-	Established in April 2024
Asia Pacific Avia Co. Ltd	100	-	Established in January 2024
Asia Pacific Aviation Co. Ltd	100	-	Established in January 2024
BBN Airlines Philippines Inc, Philippines	100	-	Established in July 2024
AEP Management Inc	100	-	Established in April 2024
SKYTRANS PTY LTD, Australia	100	-	Acquired in March 2024
Support service segment			
Aviator Airport Alliance, AB, Kingdom of Sweden	100	100	
Copenhagen Flight services, ApS, Kingdom of Denmark	100	100	
Nordic Airport Services AB OY, Republic of Finland	-	100	Merged to Aviator Airport Services Finland, OY in April 2024
Aviator Airport Services Sweden, AB, Kingdom of Sweden	100	100	
Aviator Airport Services Finland, OY, Republic of Finland	100	100	
Aviator Airport Alliance, AS, Kingdom of Norway	100	100	
Aviator OSL, AS, Kingdom of Norway	100	100	
Aviator Airport Alliance Denmark, A/S, Kingdom of Denmark	100	100	
Aviator Airport Partner ApS, Kingdom of Denmark	100	100	
Aviator Airport Services, AB, Kingdom of Sweden	100	100	
Aviator Logistics, AB, Kingdom of Sweden	-	100	Merged to Aviator Airport Alliance, AB in December 2024
Aviator Robotics, AB, Kingdom of Sweden	100	100	
Helisota UAB, Republic of Lithuania	100	100	
JetMS Interiors UAB, Republic of Lithuania	100	100	
JetMS Regional UAB, Republic of Lithuania	100	100	
JetMS Holding Ltd, The United Kingdom	100	100	
JetMS Holdings Ltd, Republic of Ireland	100	100	
RAS Completions Ltd, The United Kingdom	-	100	Liquidated in December 2024

Name, Country of establishment	Share of Equity, % 2024	2023	
JetMS Completions Ltd (previously: RAS Interiors Ltd), The United Kingdom	100	100	
FL Technics UAB, Republic of Lithuania	100	100	
PT. Avia Technics Dirgantara, Republic of Indonesia	100	100	
FL Technics Hong Kong Ltd., Hong Kong	100	100	
FL Technics GmbH, Republic of Austria	100	100	
FLM Flash Line maintenance S.r.l., Italy	100	100	
Asg Asset Management Ireland Limited (previously: FL Technics Ireland Ltd), Republic of Ireland	100	100	
FL Technics Ukraine MRO LLC, Ukraine	100	100	
FL Technics S.R.L., Romania	100	100	
FL Technics Georgia LLC, Georgia	100	100	
FL Technics Group Holding Limited, Ireland	100	100	
FL Technics Dominican Republic S.A.S., Dominican Republic	100	100	
FL TECHNICS SINGAPORE PTE. LTD., Singapore	100	-	Established in December 2024
FL TECHNICS UKRAINE TOV, Ukraine	100	100	
FL Technics Engine Services UAB, Republic of Lithuania	100	100	
FL Technics Canada Inc., Canda	100	100	
FL Technics LLC UAE, United Arab Emirates	100	100	
FL Technics Wheels and Brakes Kft., Hungary	100	100	
FL Technics Wheels and Brakes S.r.l., Italy	100	-	Established in June 2024
FL Technics Trading DMCC, United Arab Emirates	100	100	
Wright International Aircraft Maintenance Services Inc., Canada	100	100	
Storm Aviation Ltd., The United Kingdom	100	100	
Storm Aviation (Cyprus) Ltd., Republic of Cyprus	100	100	
Storm Aviation (Nigeria) Ltd., Federal Republic of Nigeria	100	100	
Storm Aviation (Germany) GmbH, Germany	100	100	
Chevron Technical Services Limited, The United Kingdom	100	100	
Chevron Aircraft Maintenance Limited, The United Kingdom	100	100	
FL Technics Wheels and Brakes GMBH (previously: Baltic Ground Services DE GmbH), Germany	100	100	
Biggin Hill Hangar Company Limited, The United Kingdom	100	100	
BSTS & Storm Aviation, Ltd., Republic of Bangladesh	49	49	
BAA Training UAB, Republic of Lithuania	100	100	
BAA Training Vietnam LTD, Socialist Republic of Vietnam	100	100	
BAA Simulators 2 UAB, Republic of Lithuania	100	100	
BAA Training France, France	100	100	
BAA Training India Private Limited, India	100	100	
BAA Leasing and Trading DMCC (prev. AVIAAM LEASING TRADING 2 DMCC), United Arab Emirates	100	-	Previously in Logistic and distribution segment
ASG Asset Management UAB, Republic of Lithuania	100	100	

(All tabular amounts are in EUR '000)

1. General information (continued)

Name, Country of establishment	Share of Equity, % 2024	2023	
Kauno aviacijos gamykla UAB, Republic of Lithuania	100	100	
Avia Repair Co, S.L.U., Kingdom of Spain	100	100	
BAA TRAINING CHINA CO. LTD., Republic of China	50	50	
RE INVEST BH Limited, The United Kingdom	100	100	
Baltic Ground Services CZ s.r.o., Czech Republic	100	100	
Baltic Ground Services EE OÜ, Republic of Estonia	100	100	
Baltic Ground Services HR d.o.o, Republic of Croatia	100	100	
Baltic Ground Services LV SIA, Republic of Latvia	51	51	
Baltic Ground Services TOV UA, Ukraine	100	100	
Baltic Ground Services UAB, Republic of Lithuania	100	100	
BGS ADR SIA, Republic of Latvia	100	100	
WAYPOINT AEROTEC LIMITED, The United Kingdom	100	100	
Gulfstream Oil SIA, Latvia	100	-	Acquired in July 2024
SIA „GI Terminals", Latvia	51	-	Acquired in December 2024
Unallocated			
ASG Finance Designated Activity Company, Republic of Ireland	100	100	
Digital Aero Technologies UAB, Republic of Lithuania	100	100	
EVmotors.eu UAB, Republic of Lithuania	100	100	
EV MOTORS SP.Z O.O., Poland	100	100	
UAB AeroClass, Republic of Lithuania	100	100	
Sensus Aero UAB, Republic of Lithuania	100	100	
AviationCV.com UAB, Republic of Lithuania	100	100	
Locatory.com UAB, Republic of Lithuania	100	100	
SIA Rezidence Kapteini, Republic of Latvia	100	100	
Star Dome UAB (Twinsbet Arena) (previously: Avia Solutions Group Arena UAB)	99.99	99.99	
Panevėžio arena UAB, Republic of Lithuania	100	100	
SEVEN Live UAB, Republic of Lithuania	100	100	
Loop Holding UAB, Republic of Lithuania	100	100	
BUSNEX POLAND Sp. z o.o., Poland	100	100	
BUSNEX UAB, Republic of Lithuania	100	100	
Aero City Group UAB, Republic of Lithuania	100	100	
DG28 Aero UAB, Republic of Lithuania	100	100	
DG30 Aero UAB, Republic of Lithuania	100	100	
DG32 Aero UAB, Republic of Lithuania	100	100	
DG21 Aero UAB, Republic of Lithuania	100	100	
DG25 Aero UAB, Republic of Lithuania	100	100	
DG41 Aero UAB (previously: DG41 UAB), Republic of Lithuania	100	100	
DG41A Aero UAB, Republic of Lithuania	100	100	

Name, Country of establishment	Share of Equity, % 2024	2023	
AV4 Aero UAB, Republic of Lithuania	100	100	
Small Aero UAB, Republic of Lithuania	100	100	
BK10 Aero UAB, Republic of Lithuania	100	100	
BK14 Aero UAB, Republic of Lithuania	100	100	
BK20 Aero UAB, Republic of Lithuania	100	100	
EI17A Aero UAB, Republic of Lithuania	100	100	
EI18 Aero UAB, Republic of Lithuania	100	100	
EI75 Aero UAB, Republic of Lithuania	100	100	
Finance Aero UAB, Republic of Lithuania	100	100	
EI13 Aero UAB (previously: Aero Invest 1 UAB), Republic of Lithuania	100	100	
Aero Invest 1 UAB, Republic of Lithuania	100	100	
Aero Invest 2 UAB, Republic of Lithuania	100	100	
DG23 Aero UAB (previously: Nordic NT AB), Republic of Lithuania	100	100	
Darius ir Gireno 20 UAB, Republic of Lithuania	100	100	
DG40 Aero UAB (previously: Vilta UAB), Republic of Lithuania	100	100	
Al tajer Al Hur for Air freight and passenger services LLC - Baghdad (Free Merchant), Iraq	100	100	
Aviation Services Fze (previously: Chapman Freeborn Aviation Service FZE), United Arab Emirates	100	100	
BGS Rail Cargo, Ukraine	100	100	
BGS Rail Holdings UAB, Republic of Lithuania	100	100	
BGS Rail TOV, Ukraine	100	100	
RE Invest LLC, Ukraine	100	100	
RWS Logistics LLC, Kazakhstan	100	-	Established in February 2024
AI 12 DMCC, United Arab Emirates	51	51	
ASG AERO INVEST IRELAND DESIGNATED ACTIVITY COMPANY, Ireland	100	-	Established in October 2024
ASG Aircraft Trading DWC-LLC, United Arab Emirates	100	-	Established in October 2024

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

2. Summary of material accounting policies

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

2.1 Basis of preparation

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

These financial statements include the consolidated financial statements of the Group for the year ended 31 December 2024.

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:

Amendments to IAS 1 Presentation of Financial Statements - Classification of Liabilities as Current or Non-current.

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

Amendments to IFRS 16 Leases - Lease Liability in a Sale and Leaseback.

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

Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures - Disclosures - Supplier Finance Arrangements.

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

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

Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates - Lack of Exchangeability.

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

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

Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures - Classification and Measurement of Financial Instruments.

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

Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures - Contracts Referencing Nature-dependent Electricity.

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

IFRS 18 Presentation and Disclosure in Financial Statements.

The Group is currently assessing the impact of the standard on the consolidated financial statements.

IFRS 19 Subsidiaries without Public Accountability: Disclosures.

The Group is currently assessing the impact of the standard on the consolidated financial statements.

Annual Improvements to IFRS Accounting Standards – Volume 11.

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

Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.

The Group is currently assessing the impact of the amendments on the consolidated 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 (OCI). Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

2.2 Consolidation (continued)

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

Changes in ownership interests in subsidiaries without change of control

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

Associates and joint ventures

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

A joint venture is an entity of joint operations, whereby the investors 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 consolidated statement of profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate or joint venture equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

Loans granted and bonds issued to associates or joint ventures are considered as part of net investment and Group's share of losses are allocated to the bonds as required by IAS 28.

The reporting dates of joint ventures and the Group are identical and the joint ventures' 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 investments in its joint ventures. The Group determines at each reporting date whether there is any objective evidence that the investment in joint ventures is impaired. If this is the case the Group calculates the amount of impairment as being the difference between the fair value of the joint venture and the carrying amount and recognises the amount in the consolidated statement of profit or loss.

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

Transactions with non-controlling interest

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

2.3 Foreign currency translation

Functional and presentation currency

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

Transactions and balances

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

Monetary assets and liabilities denominated in foreign currencies are translated at the closing rate at the reporting date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates are recognised in the consolidated statement of profit or loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the consolidated statement of profit or loss within "Finance income" or "Finance cost". All other foreign exchange gains and losses are presented in the consolidated statement of profit or loss within "Other gains – net".

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value was determined.

(All tabular amounts are in EUR '000)

2.3 Foreign currency translation (continued)

Exchange differences arising on the translation of non-monetary items are generally recognised in profit or loss, except when they relate to items for which gains and losses are recognised in other comprehensive income. In such cases, the exchange component is also recognised in other comprehensive income.

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 the foreign operation are recognised initially in other comprehensive income (currency translation differences) and reclassified from equity to profit or loss on disposal of the net investment.

Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
-Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
-Income and expenses for each statement of profit or loss are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at rates prevailing at the dates of the transactions);
-All resulting exchange differences are recognised as a separate component of equity.

Change in functional currency of subsidiaries

Effective 01 January 2024, the functional currencies of Smartlynx Airlines SIA and Smartlynx Airlines Malta Limited, subsidiaries of the Group, were changed from EUR to USD. This change was made to better reflect the primary economic environment in which these entities operate.

The decision to change the functional currencies was based on an assessment in accordance with IAS 21 – The Effects of Changes in Foreign Exchange Rates, which requires the functional currency to reflect the underlying transactions, events, and conditions that are relevant to the entity.

As of 01 January 2024, the majority of the revenues, costs, financing activities, and cash flows of both entities are denominated in USD. As such, the USD provides a more accurate reflection of their financial and operating environment.

In accordance with IAS 21, the change in functional currency has been applied prospectively from the date of change. At the date of the change, all assets, liabilities, equity items in their reported figures of both entities were translated into USD using the exchange rate at that date. The resulting translated balances became the new accounting bases for those assets and liabilities.

There was no impact on the Group's consolidated financial statements as a result of this change, except for translation differences arising from the application of the new functional currencies in the foreign currency translation reserve.

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 engines, prepayments for assets under preparation for use and other non-current tangible assets, that are held for use in the supply of services or for administrative purposes and are expected to be used during more than one period. Property, plant and equipment are carried at their historical cost less any accumulated depreciation and any accumulated impairment losses. 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 profit or loss during the financial period in which they are incurred.

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

Buildings and structures	6 – 30 years
Vehicles	4 – 12 years
Machinery	5 – 35* years
Aircraft	4 – 15 years
Aircraft engines	24 – 39 months
Leasehold improvements	Lease term
Construction in progress	Not depreciated
Prepayments for assets under preparation for use	Not depreciated
Land	Not depreciated
Other tangible fixed assets	3 – 15 years

***** Range of useful life for Machinery was changed from 5 – 15 years to 5 – 35 years to reflect expected use of the assets. For more details refer Note 4 (d).

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

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

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

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

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

(All tabular amounts are in EUR ‘000)

2.5 Property, plant and equipment (continued)

When property is retired or otherwise disposed (other than aircraft held for rental), the cost and related depreciation are removed from the consolidated financial statements and any related gains or losses are included in the profit or loss. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within ‘Other gains – net’ in the consolidated statement of profit or loss.

Recognition of sales of aircraft initially held for rental

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

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. Subsequent to initial recognition, investment property is carried at its cost less any accumulated depreciation and any accumulated impairment losses.

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

2.7 Intangible assets

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

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

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

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

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

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

Goodwill

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

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

2.8 Impairment of non-financial assets

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

2.9 Financial assets and financial liabilities

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.

2.9 Financial assets and financial liabilities (continued)

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 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) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition. 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.

A financial asset is measured at FVTPL if it:
-does not meet the criteria for classification at amortised cost or FVOCI;
-is held for trading or managed on a fair value basis; or
-is designated at FVTPL at initial recognition to eliminate an accounting mismatch.

A financial asset is measured at FVOCI if it is:
-a debt instrument held within a business model whose objective is achieved by both collecting contractual cash flows and selling the assets, and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest; or
-an equity instrument not held for trading, for which the Group has made an irrevocable election at initial recognition to present changes in fair value in OCI.

Impairment

The Group assesses on a forward-looking basis the expected credit loss (ECL) 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 and contract 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.

For cash and cash equivalents and bank deposits, the Group calculates ECL as soon as there has been a significant increase in credit risk since initial recognition.

Presentation of allowance for ECL in the consolidated balance sheet

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

Write-off

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

Derecognition

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

Financial liabilities

The Group classifies its financial liabilities at initial recognition into the following categories:
-financial liabilities at FVTPL; and
-financial liabilities measured at amortised cost.

The classification depends on the nature and purpose of the financial liability and is determined at the time of initial recognition.

A financial liability is classified as at FVTPL if it:
-is held for trading (e.g., derivative liabilities not designated as hedging instruments); or
-is designated as such on initial recognition in accordance with IFRS 9, when doing so results in more relevant information by eliminating or significantly reducing a measurement or recognition inconsistency.

The Group may designate certain structured debt instruments and derivative liabilities as measured at FVTPL.

All other financial liabilities are classified and measured at amortised cost.

Recognition and initial measurement

Financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument. Financial liabilities are initially measured at fair value. For liabilities not at FVTPL, this includes directly attributable transaction costs. For liabilities at FVTPL, transaction costs are expensed in profit or loss as incurred.

Subsequent measurement

Financial liabilities at FVTPL are measured at fair value, with gains or losses arising from changes in fair value recognised in profit or loss. This category includes derivative liabilities and any non-derivative financial liabilities that the Group has designated at FVTPL.

2.9 Financial assets and financial liabilities (continued)

Financial liabilities at amortised cost are subsequently measured using the effective interest method. Interest expense and any gains or losses on derecognition are recognised in profit or loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged, cancelled, or expires. If an existing financial liability is replaced by another with substantially different terms, or the terms are substantially modified, the original liability is derecognised and a new liability is recognised. Any resulting gain or loss is recognised in profit or loss.

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

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

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

Where a disposal group is still operating, transactions may occur between the disposal group and other companies within the Group. All intra-group balances, intra-group interest income, expenses and other intra-group transactions where goods are sold or 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 disposal group at the lower of its recoverable amount and the carrying amount that would have been recognised had the asset or disposal group never been classified as held for sale.

If a non-current asset or disposal group is not a subsidiary, any resulting adjustment is recognised in profit or loss from continuing operations 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 non-current asset or disposal group is a subsidiary which ceases to be classified as held for sale, then the consolidated 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 consolidated statement of profit or loss and other comprehensive income and the consolidated statement of cash flows (if the subsidiary was classified as a discontinued operation);
(iii)the remeasurement effect is also recognised retrospectively, i.e., to the extent that the amendment relates to earlier periods, it is recognised as a prior period adjustment (i.e., the amendment is calculated retrospectively) and the opening balance of retained earnings and comparatives are restated, if applicable.

2.11 Inventories

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

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

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

2.12 Trade receivables

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

The Group apply the simplified approach for calculation of lifetime 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 ECL 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 an asset is reduced through the use of an allowance account, and the amount of the loss is recognized in 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 in 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 ECL 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.

2.12 Trade receivables (continued)

Contract liabilities

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

2.13 Cash and cash equivalents

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

Bank overdrafts are shown within "Borrowings" in current liabilities on the consolidated balance sheet. Bank overdrafts are subtracted from "Cash and cash equivalents" in the consolidated statements of cash flows.

Interest paid and received are shown under operating activities 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 FVTPL.

2.14 Share capital

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

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

2.15 Trade payables

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

2.16 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in 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.

2.17 Borrowings costs

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

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

2.18 Provisions

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

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

Provisions for "C-check"

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

Warranty provisions

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

2.19 Derivative financial instruments

The Group uses derivative financial instruments such as interest rate swaps to hedge its cash flow interest rate risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value.

The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged. The Group designates certain derivatives as hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges).

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

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

(All tabular amounts are in EUR '000)

2.19 Derivative financial instruments (continued)

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 derivatives 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 cash flow hedge 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 Group may designate the full change in fair value of the forward contract (including forward points) as the hedging instrument. In such cases, the gains or losses relating to the effective portion of the change in fair value of the entire forward contract are recognised in the cash flow hedge reserve within equity.

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

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

Derivatives that do not qualify for hedge accounting

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

2.19 a Fair value hierarchy

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

Recurring fair value measurements at 31 December 2024	Level 1	Level 2	Level 3
Financial assets			
Financial assets at FVTPL	26	-	-
Hedging derivatives – foreign currency interest rate swap	-	6 023	-
Total financial assets	**26**	**6 023**	**-**

Recurring fair value measurements at 31 December 2023	Level 1	Level 2	Level 3
Financial assets			
Financial assets at FVTPL	1 660	-	-
Hedging derivatives – foreign currency interest rate swap	-	2 774	-
Total financial assets	**1 660**	**2 774**	**-**
Financial liabilities			
Hedging derivatives – foreign currency interest rate swap	-	1 605	-
Convertible preferred shares (Note 37)	-	-	352 576
Total financial liabilities	**-**	**1 605**	**352 576**

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 banks;
-for foreign currency forwards – the present value of future cash flows based on the forward exchange rates at the balance sheet date;

For the method used in determining fair value of convertible preferred shares (level 3) refer to Note 37. There were no transfers between levels 1, 2 and 3 for recurring fair value measurements during the year.

2.20 Government grants

Grants are recognised at their fair value when 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 expenses are included in current liabilities and are credited to profit or loss on basis to match the appropriate expenses.

2.21 Merger reserve

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

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

2.22 Accounting for leases

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

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

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

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

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

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

The Group presents lease liabilities in the consolidated balance sheet.

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 payments 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.

A lease modification is a change in the scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions. The Group remeasures the lease liability and makes a corresponding adjustment to the right-of-use asset when a lease is modified and the modification is not accounted for as a separate lease. A lease modification is accounted for as a separate lease if it increases the scope of the lease by adding the right to use one or more underlying assets and the consideration increases by an amount commensurate with the stand-alone price for the increase in scope. For modifications that do not result in a separate lease, the lease liability is remeasured using a revised discount rate on the effective date of the modification.

(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 consolidated balance sheet. 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 a 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 consolidated statement of profit or loss.

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

(d) Leaseback arrangements

When the Group enters into sale and leaseback transactions, typically involving the sale of aircraft to a third party followed by an immediate leaseback, it assesses whether the transaction qualifies as a sale under IFRS 15 and whether the sale proceeds reflect the fair value of the aircraft at the time of the transaction. Where sale proceeds received are judged to reflect the aircraft's fair value, any gain or loss arising on disposal is recognized in the consolidated statement of profit or loss, to the extent that it relates to the rights that have been transferred. Gains and losses that relate to the rights that have been retained are included in the carrying amount of the right-of-use asset recognized at commencement of the lease. Where sale proceeds received are not at the aircraft's fair value, any below market terms are recognized as a prepayment of lease payments, and above market terms are recognized as additional financing provided by the lessor.

2.22 Accounting for leases (continued)

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

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

2.23 Right-of-use assets

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

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

2.24 Current and deferred income tax

The tax expenses for the period comprise current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in OCI or directly in equity. In this case, the tax is also recognised in OCI 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 consolidated financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

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

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

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

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

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

2.25 Revenue recognition

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

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

Sales of services

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

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

Business charter flights revenue, aircraft ground handling and into-plane fuelling revenue is recognized at a point in time - upon completion of the air transportation or upon delivery of services to the customer. Most of contracts are fixed-price contracts and 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 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.

2.25 Revenue recognition (continued)

Significant financing component

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

Wet lease services (ACMI)

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

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

IFRS 15 states that if a contract is partially within the scope of another standard, a company should apply any separation and/or measurement guidance in the other standard first. Otherwise, the principles in the revenue standards should be applied to separate and (or) initially measure the components of the contract. The Group assessed that even though all arrangements with customers contain an operating lease element, there is no difference in how revenue would be recognised under any of them, because:
- under an 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. This revenue is recognized over time as the services are performed based on hours delivered.

Commission income

The Group acts as an agent for a number of clients. The Group earns a fee or commission in return for arranging the provision of flight transport and related services on behalf of the 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 commission income is recognized at a point of time. Such services include insurance and travel arrangements.

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 income for credit-impaired financial assets is calculated by applying the effective interest rate to the amortised cost of the financial asset from initial recognition.

Recognition of sales of aircraft initially held for rental

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

2.26 Employee benefits

Social security contributions

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

The social security contributions amounting to EUR 51 million for the Group (2023: EUR 43 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 from 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.

(All tabular amounts are in EUR '000)

2.26 Employee benefits (continued)

The contributions are recognised as an expense in the consolidated statement of profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the consolidated balance sheet. The assets of the plans are held separately from the Group in independently administered funds.

2.27 Convertible preferred shares

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

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

The Group does not bifurcate any embedded derivatives from the host instruments and designates the entire instruments as financial liabilities at FVTPL.

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

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

2.28 Deferred charges

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

3 Financial risk management

3.1 Financial risk factors

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

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

Market risk

(a) Foreign exchange risk

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

For calculation of foreign exchange risk's sensitivity, financial assets and financial liabilities denominated in USD and GBP are multiplied by reasonably possible change of EUR to USD and EUR to GBP, respectively. Reasonable possible change is provided in the table below:

	2024	2023
Reasonably possible change of EUR to USD	6%	3%
Reasonably possible change of EUR to GBP	5%	2%

As at 31 December 2024 the Group's post-tax profit for the year and equity would have been EUR 90 791 thousand (2023: EUR 28 286 thousand), higher/lower, mainly as a result of foreign exchange gains/losses on translation of USD-denominated trade and other receivables and trade and other payables and EUR 315 thousand (2023: EUR 87 thousand) higher/lower, mainly as a result of foreign exchange gains/losses on translation of GBP-denominated trade and other receivables and trade and other payables. Foreign exchange risk is controlled by monitoring the foreign currency exposure of its purchase contracts and lease commitments. The Group seeks to reduce its foreign rate exchange exposure through a policy of matching possible receipts and payments in each individual currency.

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

(b) Price risk

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

(c) Cash flow and fair value interest rate risk

The Group's interest rate risk arises from short-term and long-term bank borrowings and lease liabilities at floating interest rates (less than 4% of leases are subject to floating interest rate risk from total leases (2023: 2%)). The Group is not exposed to fair value interest rate risk as loans granted to related parties and interest-free deposits placed as a guarantee for lease of aircraft are accounted at amortized cost and are with fixed interest rates. 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 EUR and USD currencies amounting to EUR 60 395 thousand expose the Group to cash flow interest rate risk as at 31 December 2024 (2023: EUR 43 903 thousand). As at 31 December 2024 and 31 December 2023 Group's borrowings and lease liabilities at variable rate of 3 or 6 months EURIBOR plus fixed margin were denominated in EUR and USD, respectively.

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

Currency of borrowings	Reasonable shift
EUR	1.00%

The presumable interest rate change creates acceptable impact on Group's annual profit as well as equity and makes EUR 74 thousand in 2024 (2023: EUR 30 thousand) impact on profit or loss.

(All tabular amounts are in EUR '000)

3.1 Financial risk factors (continued)

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:

	2024	2023
Trade receivables (Note 21)	155 652	148 936
Cash in banks (Note 23)	184 576	200 412
Other receivables (Note 21)	26 076	39 484
Contract assets (Note 22)	41 957	35 986
Trade receivables from related parties (Notes 21 and 34)	1 167	695
Other receivables from related parties (Notes 21 and 34)	9 406	9 076
Loans granted to related parties (Note 21)	26 800	26 501
Loans granted (Note 21)	9 888	11 770
Leasehold receivables (Note 21)	10 100	-
Derivative financial instruments (assets)	6 023	2 774
Security deposits (Note 21)	90 901	79 438
Security deposits to related parties (Notes 21 and 34)	14	11
Bank deposits	3 978	3 809
	566 538	**558 892**

(b) Impairment of financial assets

Groups of financial assets for ECL measurement purposes

The Group has three groups of financial instruments:

- trade receivables and contract assets for which lifetime ECL is calculated using simplified approach described below in paragraph *Measurement of ECL - Trade receivables and contract assets;*

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

- cash and cash equivalents and bank deposits.

The Group's loss allowance provision for financial assets measured at amortised cost as at 31 December 2024 reconciles to the opening loss allowance for that provision as follows:

	Loss allowance provision		
	For trade receivables and contract assets	**For other financial assets**	**Total**
Opening loss allowance as at 01 January 2023	**(46 101)**	**(45 297)**	**(91 398)**
Decrease/(Increase) in the provision recognised in profit or loss during the year (Note 14)	285	(1 204)	(919)
Realised fully allowed financial assets	-	20 991	20 991
ECL net-off with interest income/reversal	-	1 006	1 006
Reclassification of loss allowance provision	-	(253)	(253)
Cumulative currency differences	286	(2 721)	(2 435)
Decrease in the provision due to disposal of subsidiaries	149	300	449
Fully impaired receivables written off during the year as uncollectible	1 401	15 960	17 361
As at 31 December 2023 (Notes 21 and 22)	**(43 980)**	**(11 218)**	**(55 198)**
Increase in the provision recognised in profit or loss during the year (Note 14)	(6 021)	(9 660)	(15 681)
Reclassification of loss allowance provision	(20)	(319)	(339)
Cumulative currency differences	(998)	(285)	(1 283)
Fully impaired receivables written off during the year as uncollectible	12 057	3 019	15 076
As at 31 December 2024 (Notes 21 and 22)	**(38 962)**	**(18 463)**	**(57 425)**

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 compares 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 "*Measurement of ECL - 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 customer's ability to meet its obligations;

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

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

(All tabular amounts are in EUR '000)

3.1 Financial risk factors (continued)

The presumptions made by management as presented above are measured on the basis of the historical experience of the Group's aviation business. According to the overdue debt recovery statistical data of the Group, 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 – a subsidiary or associate of the Group which is typically a newly established or acquired company for developing a viable business model around an innovative product, service, process or a platform.

Definition of default

Based on the Group's historical statistical information on debt recovery and experience in the 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.

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

The Group uses individual assessment model for determining ECL for large trade receivables (above EUR 2 million) and strategic clients as described above in section "*Measurement of significant increase in credit risk*".

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).

A summary of the assumptions underpinning the Group's ECL model is as follows:

Category	Stage	Company definition of category	Basis for recognition of ECL
Category 1 Category 2	Stage 1	Financial assets whose credit risk is in line with original expectations.	12-month ECL; Where the expected lifetime of an asset is less than 12 months, ECL 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.	Lifetime ECL
Category 5	Stage 3	Financial assets for which a default is determined.	Lifetime ECL
Category 6	Stage 3	It becomes probable that a customer will enter into bankruptcy and there is no reasonable expectation of recovery.	Asset is written off through profit or loss to the extent of expected losses

Expected changes in macroeconomic situation are incorporated as part of the internal rating model. Management reviews key macroeconomic indicators for the markets where the 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 the consolidated statement of profit or loss and other comprehensive income.

Measurement of ECL - trade receivables and contract assets

The Group applies the simplified approach for calculation of lifetime 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 ECL using a 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 ECL information calculated for the Group according to each delay group. As trade receivables usually do not include any collateral or other credit enhancements, ECL rate equals probability of default.

2024	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	0.35%	2.81%	7.40%	65.55%	**7.42%**
Gross carrying amount	164 678	11 805	7 348	21 344	**205 175**
Loss allowance provision	(581)	(332)	(544)	(13 737)	**(15 194)**

2023	Not past due and past due up to 30 days	31-90 days past due	91-180 days past due	More than 180 days past due	Total
GROUP					
Expected loss rate	0.65%	2.83%	5.12%	90.73%	**11.20%**
Gross carrying amount	141 019	9 863	9 328	20 454	**180 664**
Loss allowance provision	(918)	(279)	(478)	(18 557)	**(20 232)**

The Group uses individual assessment model for determining ECL for large trade receivables (above EUR 2 million) or strategic clients based on management decision. For these exposures, individual assessment model is used as described above in section "*Measurement of significant increase in credit risk*".

The Group's loss allowance provision as at 31 December 2024 for large trade receivables and receivables from strategic clients is determined as follows:

Internal credit rating*	Credit stage	ECL	Basis for recognition of expected credit loss provision	Gross carrying amount	Loss allowance provision
Category 1	Stage 1	0.34%	12-month ECL; Where the expected lifetime of an asset is less than 12 months, ECL are measured at its expected lifetime.	6 379	(22)
Category 2	Stage 1	7.52%		412	(31)
Category 3	Stage 2	10.92%	Lifetime expected losses	476	(52)
Category 4	Stage 2	33.85%		1 944	(658)
Category 5	Stage 3	86.33%		2 327	(2 009)
Category 6	Stage 3	99.88%		21 026	(20 996)
Total:		**74.80%**		**32 564**	**(23 768)**

(All tabular amounts are in EUR '000)

3.1 Financial risk factors (continued)

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

Internal credit rating*	Credit stage	ECL	Basis for recognition of expected credit loss provision	Gross carrying amount	Loss allowance provision
Category 1	Stage 1	0.28%	12-month ECL; Where the expected lifetime of an asset is less than 12 months, ECL are measured at its expected lifetime.	22 307	(63)
Category 2	Stage 1	7.34%		926	(68)
Category 3	Stage 2	10.98%	Lifetime expected losses	1 657	(182)
Category 4	Stage 2	38.98%		59	(23)
Category 5	Stage 3	83.58%		2 144	(1 792)
Category 6	Stage 3	98.99%		21 840	(21 620)
Total:		**48.53%**		**48 933**	**(23 748)**

Measurement of ECL - other financial assets measured at amortised cost

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

The Group's loss allowance provision as at 31 December 2024 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	0.22%	12-month ECL; Where the expected lifetime of an asset is less than 12 months, ECL are measured at its expected lifetime.	110 304	(247)
Category 2	Stage 1	4.90%		245	(12)
Category 3	Stage 2	10.02%	Lifetime expected losses	2 396	(240)
Category 4	Stage 2	33.63%		19 507	(6 560)
Category 5	Stage 3	-		-	-
Category 6	Stage 3	100.00%		11 404	(11 404)
Total:		**12.83%**		**143 856**	**(18 463)**

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

Internal credit rating*	Credit stage	ECL	Basis for recognition of expected credit loss provision	Gross carrying amount	Loss allowance provision
Category 1	Stage1	0.24%	12-month ECL; Where the expected lifetime of an asset is less than 12 months, ECL are measured at its expected lifetime.	120 658	(286)
Category 2	Stage 1	6.65%		4 000	(266)
Category 3	Stage 2	9.71%	Lifetime expected losses	175	(17)
Category 4	Stage 2	24.60%		126	(31)
Category 5	Stage 3	84.21%		19	(16)
Category 6	Stage 3	99.77%		10 626	(10 602)
Total:		**8.27%**		**135 604**	**(11 218)**

*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 ECL and written off if they fall to the 9th category.

The loss allowance provision for other financial assets at amortised cost as at 31 December 2024 reconciles to the opening loss allowance for that provision as follows:

	Loans	Investment in bonds	Other receivables	Total
Opening loss allowance as at 01 January 2023	**(27 392)**	**(10 120)**	**(7 785)**	**(45 297)**
(Increase)/Decrease in the provision recognised in profit or loss during the year	(415)	201	(990)	(1 204)
Realised fully allowed financial assets	15 302	-	5 689	20 991
ECL net-off with interest income/reversal	1 006	-	-	1 006
Reclassification of loss allowance provision	-	474	(727)	(253)
Decrease in the provision due to disposal of subsidiaries	300	-	-	300
Fully impaired receivables written off during the year as uncollectible	5 822	6 890	3 248	15 960
Cumulative currency differences	(2 265)	655	(1 111)	(2 721)
As at 31 December 2023	**(7 642)**	**(1 900)**	**(1 676)**	**(11 218)**
Increase in the provision recognised in profit or loss during the year	(1 183)	-	(8 477)	(9 660)
Reclassification of loss allowance provision	-	(854)	535	(319)
Fully impaired receivables written off during the year as uncollectible	-	2 794	225	3 019
Cumulative currency differences	23	(40)	(268)	(285)
As at 31 December 2024	**(8 802)**	-	**(9 661)**	**(18 463)**

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 and the impact of IFRS 9 has no significant effect on the measurement and valuation of the Group's cash and cash equivalents. As of 31 December 2024, the highest amount held at one bank was 24% of the total cash balance (2023: 32%). See the table below for analysis of the Group's cash and cash equivalents according to credit quality (Note 23):

	2024	2023
AAA	-	8
AA-	7 484	11 348
A+	96 661	111 729
A	6 998	3 134
A-	55 440	11 199
BBB+	1 675	43 655
BBB	1 247	7 567
BBB-	1 534	128
BB+	2 131	176
BB	437	1 223
B+	1 697	-
B	1 149	-
B-	4 635	4 289
CCC	761	-
CCC-	-	2 268
Other	2 727	3 688
Cash on hand	125	141
	184 701	**200 553**

* - external long-term credit ratings set by international agencies Standards & Poor's, Fitch ratings and Moody's Ratings as at 2024/2025.

(All tabular amounts are in EUR '000)

3.1 Financial risk factors (continued)

Bank deposits

As at 31 December 2024 the Group had outstanding short-term bank deposits in amount of 3 616 thousand EUR, which were held from BB to AA- rated banks (31 December 2023: 2 944 thousand EUR – A+ and BBB+ rated banks). As at 31 December 2024 the Group had outstanding long-term bank deposits in amount of 362 thousand EUR, which were held at AA- and BBB rated banks (31 December 2023: 865 thousand EUR – A+ and BBB+ rated banks).

Security deposits with lessors

Security deposits with lessors held by the Group as of the periods presented are neither past due nor impaired when they can be offset against associated lease liability. 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.

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 2024			
Trade and other payables	313 033	132	503
Bonds issued	27 496	391 989	-
Bank borrowings	24 666	35 744	2 421
Security deposits received	19 718	575	1 396
Lease liabilities	416 847	1 181 425	170 561
Accrued expenses for certain contracts	178	-	-
Other borrowings	11 776	7 466	1 867
	813 714	**1 617 331**	**176 748**
31 December 2023			
Trade and other payables	220 770	3 711	-
Bonds issued	174 363	-	-
Bank borrowings	14 317	21 571	3 023
Security deposits received	17 632	845	-
Lease liabilities	297 060	857 293	162 812
Derivative financial instruments	-	1 605	-
Accrued expenses for certain contracts	271	-	-
Other borrowings	10 949	7 820	2 870
	735 362	**892 845**	**168 705**

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

3.2 Capital risk management

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

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 and lease liabilities' as shown in the consolidated balance sheet) less cash and cash equivalents and short-term bank deposits. Total capital is calculated as 'equity' as shown in the consolidated balance sheet plus net debt.

The Group's gearing ratio is as follows:

	2024	2023
Total borrowings and lease liabilities (Note 27) *	1 699 409	1 220 841
Less: cash and cash equivalents and short-term bank deposits	(188 317)	(203 497)
Net debt*	1 511 092	1 017 344
Total equity	605 468	347 881
Total capital	**2 116 560**	**1 365 225**
Gearing ratio	71%	75%

*For the purpose of capital risk management, the Group does not include the convertible preferred shares liability in the net debt calculation, since it is not subject to redemption via a cash outflow upon the expected conversion. For more details on the instrument, refer to Note 37.

The Group is subject to incurrence covenants imposed by the issued bonds: financial ratios related to net debt, EBITDA, secured indebtedness and other qualitative restrictions. During the years 2024 and 2023, the Group complied the externally imposed capital requirements to which it is subject.

3.3 Fair value estimation

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

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

The fair value of bank borrowings with variable rates approximate their carrying amount. The fair value of bank deposits cash and cash equivalents due to their high liquidity approximate their carrying amounts. The fair value of trade and other receivables and contract assets due to their short-term nature do approximate their carrying amounts. Non-current interest-free security deposits and other receivables are discounted to present value using a current market interest rate, which approximates fair value.

3.3 Fair value estimation (continued)

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

The bonds were issued during the year, therefore fair value estimate would not give a material difference from the carrying amount.

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

4 Critical Accounting Estimates and Significant Judgments

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

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Management also makes certain judgments, apart from those involving estimations, in the process of applying the accounting policies. Judgments that have the most significant effect on the amounts recognised in the consolidated financial statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year include:

(a) ECL on trade and other receivables and contract assets (estimate)

The Group recognises loss allowances for ECL on financial assets measured at amortised cost: trade receivable, loans, other receivable, bonds, and contract assets. Total ECL amounted to EUR 59 760 thousand as at 31 December 2024 and EUR 55 198 thousand as at 31 December 2023.

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

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

(b) Allowances for inventories (estimate)

The Group has a material inventory balance and determines whether the 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 11 914 thousand as at 31 December 2024 and EUR 16 661 thousand as at 31 December 2023 and are disclosed in Note 20.

(c) Taxes (judgment/estimate)

Tax authorities have a right to examine accounting records of the Group at any time during the various periods (depending on jurisdiction) after the current tax year and account for additional taxes and fines. In the opinion of 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 72 029 thousand as at 31 December 2024 and EUR 38 486 thousand as at 31 December 2023 after appropriate offsetting with deferred tax liability and are disclosed in Note 30.

(d) Property, plant and equipment and intangible assets (estimate)

Estimates concerning useful lives of property, plant and equipment and intangibles assets may change due to constant technological advancements. Useful lives of property, plant and equipment are disclosed Note 2.5 and depreciation charge for the year is disclosed in Note 16. Useful lives of intangible assets are disclosed Note 2.7 and amortisation charge for the year is disclosed in Note 17. Increasing an asset's expected useful life or its residual value would result in a reduced depreciation or amortisation charge. The useful lives of property, plant and equipment and intangibles are determined by the management at the time the asset is acquired and reviewed on an annual basis for appropriateness. The lives are based on historical experiences with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology. The residual value of aircraft engines represents the amount 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).

Since 01 January 2024, the range of useful life for Machinery was changed from 5 – 15 years to 5 – 35 years to reflect expected use of the assets. The impact on the 2024 consolidated statement of profit or loss is decrease of depreciation expense of EUR 2 407 thousand.

Property, plant and equipment amounted to EUR 1 723 662 thousand as at 31 December 2024 and EUR 1 410 635 thousand as at 31 December 2023 and are disclosed in Note 16. Intangible assets amounted to EUR 151 848 thousand as at 31 December 2024 and EUR 139 622 thousand as at 31 December 2023 and are disclosed in Note 17.

(e) Estimated impairment of goodwill and purchase price allocation (estimate)

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Notes 2.7 and 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 and disposals*".

4 Critical Accounting Estimates and Significant Judgments (continued)

Goodwill amounted to EUR 113 478 thousand as at 31 December 2024 and EUR 107 364 thousand as at 31 December 2023 and is disclosed in Note 17 and Note 33.

(f) Provision for "C-check" (estimate)

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 component of 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 and (or) 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. Estimated C-checks costs related to aircraft leases for which a right-of-use asset is recognised are capitalised to a right-of-use asset when contractual obligation arises (usually after the most recent C-check event) and depreciated during the remaining period until the next C-check event. In cases when the Group lease contracts do not fall in the scope of IFRS 16 (e. g., power by hour contracts), anticipated and unavoidable C-check provisions are accrued and expensed to profit or loss in full upon recognition of provision. Provisions for C-check amounted to EUR 47 803 thousand as at 31 December 2024 and EUR 43 623 thousand as at 31 December 2023 (Note 19).

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

(g) Going concern (judgment)

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

As at 31 December 2024 the Group's current liabilities exceeded current assets by EUR 152 901 thousand.

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

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

(h) Valuation of convertible preferred shares (judgment/estimate)

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

As of 31 December 2023, management applied judgement in determining the fair value of the unquoted instrument. The Group used the discounted cash flow method to determine the underlying share value of the Group and adopted an equity allocation model to determine the fair value of the preferred shares. Key inputs used in the valuation of the Group's equity price include forecasted financial information, discount rate, terminal growth rate, and discount for lack of marketability. The key inputs used in the equity allocation method are share price of own equity, risk-free rate, standard deviation of comparable equity prices, time estimate up to liquidity event and lack of control discount. Since part of the inputs were not observable, the valuation was subject to high uncertainty, therefore management has prepared a sensitivity analysis on the valuation outcomes. As of 31 December 2023, the fair value estimated for the convertible preferred shares amounted to EUR 352 576 using an option pricing model.

During March 2024, in accordance with the provisions of the Company's Memorandum and Articles of Association, the Company issued a redemption notice to Certares Compass S.á r.l to redeem the convertible preferred shares. However, in accordance with the provisions of the Company's Memorandum and Articles of Association, Certares Compass S.á r.l countered with a conversion notice to convert their convertible preference shares into ordinary shares of the Company, constituting 20% of the share capital of the Company.

As of 22 April 2024, the convertible preferred shares, except for one, have been converted into ordinary shares of the Company in accordance with the requirements of the Companies Act 2014. The conversion of the convertible preferred shares measured at FVTPL into ordinary shares required management judgement to determine what the deemed consideration for the equity shares should be and how the requirements of applicable standards and the legal requirements of the Companies Act 2014 for share capital should be applied. In determining the most appropriate accounting treatment for the conversion, management has considered:

- The requirements of Companies Act 2014, which limit the consideration that can be recognised for the ordinary shares issued, to the original amount subscribed for the preference shares, EUR 300 million. This conclusion follows the Companies Act 2014 Section 71 requirement that "shares must be allotted by a company in return for 'money or money's worth", and in this case, EUR 300 million is the only money or money's worth that has been transferred with respect to the issued shares. The consideration is split between EUR 5 638 thousand in nominal value and EUR 294 362 thousand in share premium, in accordance with the Companies Act 2014;

- The requirements of the accounting framework, including IAS 32 Financial Instruments: Presentation, IFRIC 19 Extinguishing Financial Liabilities with Equity and IFRS 9 Financial Instruments. The Company is of the view that there is no IFRS guidance that specifically addresses this transaction. An alternative presentation under IFRS would be to consider the fair value of the preference shares on the transfer date as the consideration for the issuance of the equity shares. However, having considered this treatment, the Company was of the view that this would not comply with the requirements of the Companies Act 2014;

- In light of the requirements of the Companies Act 2014 and there being no directly applicable IFRS standard, the difference between the fair value as of 31 December 2023 of EUR 352 576 thousand and the consideration of EUR 300 000 thousand set in accordance with Companies Act 2014, has been recorded in the consolidated statement of profit or loss. This resulted in a gain of EUR 52 576 thousand being recorded in the consolidated statement of profit or loss. This method was chosen as the instrument was originally designated as FVTPL, and the consideration above has been considered to equate to the fair value of the liability on extinguishment (given the legal restriction on the consideration amount that can be recognised);

4 Critical Accounting Estimates and Significant Judgments (continued)

- On 02 October 2023, the Irish High Court confirmed a special resolution of the members of the Company, in accordance with sections 84 and 85 of the Companies Act 2014, to reduce the share capital of the Company. This resulted in a reduction of the share premium from approximately EUR 1.5 billion to EUR 10 million. Included within this reduction was an amount of EUR 294 362 thousand, which related specifically to the share premium originally created upon the initial paying up of the convertible preferred share instrument. This amount became distributable reserves with effect from the capital reduction. Accordingly, upon conversion of the preferred share instrument, the impact was reflected under the retained earnings caption in the consolidated balance sheet.

For additional details on the instrument, refer to Note 37.

(i) Consolidation of structured entities (judgment)

The Group has established contractual arrangements concerning BBN Hava Yollari ve Tasimacilik Anonim Sirketi and BBN Airlines Indonesia. The Group has partial legal ownership of BBN Hava Yollari ve Tasimacilik Anonim Sirketi, BBN Airlines Indonesia, Ascend Airways Malaysia Sdn. Bhd., and BBN Airlines (Thailand) Co., Ltd. In accordance with IFRS 10, the investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Thus, an investor controls an investee, if and only if, the investor has all the following: power over the investee (i.e., current ability to direct relevant activities); exposure, or rights, to variable returns from its involvement with the investee; and the ability to use its power over the investee to affect the amount of the investor's returns.

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

(j) Impact of Russia-Ukraine war (judgment/estimate)

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

As of 31 December 2024, the Group has six entities in Ukraine, none in Russia or Belarus. Before intercompany eliminations, total revenues generated by these entities in 2024 was EUR 34 598 thousand (2023: EUR 25 875 thousand) and total assets comprised to EUR 52 590 thousand (2023: EUR 52 979 thousand).

The Group had an equity share in the joint venture company AviaAM Financial Leasing China Co. Ltd., which was being accounted using equity method. The joint venture had significant exposure in an aircraft fleet, which was leased to a Russian-based lessee and after the leased aircraft were seized by Russian authorities, the joint venture has accounted for significant asset impairment charges. Consequently, at Group level, share of loss of equity-accounted investees in amount of EUR 55 million was charged during 2022, effectively reducing the carrying amount of investment to zero.
In relation to making estimates and impairment testing, the prospective financial information took into consideration the impact of the Russia-Ukraine war.

5. Segment information

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

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

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

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

Management analyses the activities of the Group both from geographic and business perspective. From business perspective, management analyses the Group sales volume and operating profit or loss based on businesses the Group is involved in (according to the Group companies' activities), referred to as segments. Operating profit or 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.

The Group has applied the practical expedient in IFRS 15.114 and does not provide disaggregated revenue information in this note, as it is already disclosed in the segment information note in accordance with IFRS 8 and reviewed by the Group's Chief Operating Decision Maker.

(All tabular amounts are in EUR '000)

5. Segment information (continued)

The following tables present sales to external customers, cost and operating expenses, other income, other gain/loss and operating profit or loss information according to the Group's operating segments for years ended 31 December 2024 and 2023:

Year ended 31 December 2024	Logistics and Distribution Services	Support Services	Unallocated	Inter-segment transactions	Total
Operations					
Revenue from contracts with external customers	1 887 059	740 442	64 676	-	**2 692 177**
Intersegment sales	6 975	64 393	32 731	(104 099)	**-**
Total revenue	**1 894 034**	**804 835**	**97 407**	**(104 099)**	**2 692 177**
Other income (Note 6)	2 410	557	30 521	(30 039)	**3 449**
Cost of services and goods (Note 10)	(1 306 063)	(355 603)	(35 834)	69 121	**(1 628 379)**
Employee related expenses (Note 7)	(173 871)	(303 514)	(23 465)	2 175	**(498 675)**
Increase in the provision for impairment of financial assets (Note 14)	(16 439)	(1 527)	(26 886)	29 171	**(15 681)**
Increase in the provision for impairment of non-financial assets (Note 14)	(45 535)	(2 996)	(2 923)	2 901	**(48 553)**
Other operating expenses (Note 11)	(78 258)	(47 164)	(40 219)	27 420	**(138 221)**
Depreciation and amortisation (Notes 8, 16, and 17)	(326 665)	(31 087)	(9 898)	3 051	**(364 599)**
Other gains – net (Note 9)	18 113	5 525	1 165	(3 127)	**21 676**
Segment operating profit (loss)	**(32 274)**	**69 026**	**(10 132)**	**(3 426)**	**23 194**
Finance costs - net (Note 12)					(87 987)
Share in profit of equity-accounted investees (Note 18)					13
Loss before income tax					**(64 780)**
Income tax credit (Note 13)					2 197
Net loss for the period					**(62 583)**
As at 31 December 2024:					
Segment assets	2 146 531	564 002	271 122	-	**2 981 655**
Segment liabilities	1 729 488	301 607	345 092	-	**2 376 187**
Acquisition of non-current assets (Notes 16 and 17)	642 883	69 766	68 018	-	**780 667**

(All tabular amounts are in EUR '000)

5. Segment information (continued)

Year ended 31 December 2023	Logistics and Distribution Services	Support Services	Unallocated	Inter-segment transactions	Total
Operations					
Revenue from contracts with external customers	1 562 148	660 367	40 258	-	**2 262 773**
Intersegment sales	5 211	44 553	13 729	(63 493)	**-**
Total revenue	**1 567 359**	**704 920**	**53 987**	**(63 493)**	**2 262 773**
Other income (Note 6)	2 230	654	22 187	(21 605)	**3 466**
Cost of services and goods (Note 10)	(1 092 550)	(331 688)	(28 780)	46 458	**(1 406 560)**
Employee related expenses (Note 7)	(120 760)	(255 734)	(20 477)	1 208	**(395 763)**
(Increase)/ decrease in the provision for impairment of financial assets (Note 14)	128	(6 288)	(20 626)	25 867	**(919)**
(Increase)/ decrease in the provision for impairment of non-financial assets (Note 14)	(4 740)	1 326	111	-	**(3 303)**
Other operating expenses (Note 11)	(60 098)	(39 186)	(9 531)	11 455	**(97 360)**
Depreciation and amortisation (Notes 8, 16, and 17)	(206 930)	(25 980)	(8 234)	1 864	**(239 280)**
Other gains – net (Note 9)	44 727	5 579	(7 159)	(6 544)	**36 603**
Segment operating profit (loss)	**129 366**	**53 603**	**(18 522)**	**(4 790)**	**159 657**
Finance costs - net (Note 12)					(90 232)
Share in profit of equity-accounted investees (Note 18)					2 706
Profit before income tax					**72 131**
Income tax expense (Note 13)					(3 945)
Net profit for the period					**68 186**
As at 31 December 2023:					
Segment assets	1 736 093	498 136	208 118	-	**2 442 347**
Segment liabilities	1 257 600	271 001	565 865	-	**2 094 466**
Acquisition of non-current assets (Notes 16 and 17)	783 558	81 277	35 274	-	**900 109**

(All tabular amounts are in EUR '000)

5. Segment information (continued)

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

Year ended 31 December 2024	Logistics and Distribution	Support Services	Unallocated	Total
Europe	835 567	582 346	49 909	**1 467 822**
Asia	659 943	98 180	9 584	**767 707**
Americas	279 257	36 287	2 635	**318 179**
Africa	63 836	15 046	764	**79 646**
Australia and Pacific Islands	35 560	458	333	**36 351**
CIS	12 896	8 125	1451	**22 472**
Total	**1 887 059**	**740 442**	**64 676**	**2 692 177**

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

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

	Revenue type	Timing of recognition	2024	2023*
ACMI services	Wet lease services	Over the period	1 229 217	816 893
Charter activities	Sales of services	At the point in time	454 235	467 299
Broker activities	Commission income	At the point in time	90 741	165 477
Sale of aircraft	Sales of goods	At the point in time	75 541	61 799
Other business	Sales of goods and services	At the point in time	37 325	50 680
Total Logistics and Distribution Services segment revenue			**1 887 059**	**1 562 148**
MRO aircraft services	Sales of services	Over the period	232 765	206 162
MRO spare parts/components	Sales of goods	At the point in time	109 359	97 397
Ground handling and fuelling	Sales of services	At the point in time	331 577	285 526
Crew training and staffing services	Sales of services	Over the period	26 230	26 202
Other business	Sales of goods and services	At the point in time	40 511	45 080
Total Support Services segment revenue			**740 442**	**660 367**
Other business	Sales of goods and services	At the point in time	64 676	40 258
Total Unallocated segment revenue			**64 676**	**40 258**
Total revenue			**2 692 177**	**2 262 773**

*The comparative figures have been revised, and subtotals were added to tie in with segment revenue amounts.

Out of total revenue above, revenue related to the estimated lease component of service for 2024 amounted to EUR 359 202 thousand (for 2023: EUR 336 148 thousand). During the year 2024 93% of aircraft in fleet were leased (84% in 2023).

(All tabular amounts are in EUR '000)

5. Segment information (continued)

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

	31 December 2024	31 December 2023
Trade receivables	155 652	148 936
Trade receivables from related parties	1 167	695
Contract assets	41 957	35 986
Contract liabilities	117 020	98 155

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

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

Contract liabilities	**31 December 2024**	31 December 2023
Deferred revenue	69 255	60 284
Advances received	40 033	30 597
Advances received from related parties	7 732	7 274
Total contract liabilities	**117 020**	**98 155**

The amount of revenue recognised during 2024 from performance obligations satisfied that was included in the contract liabilities as at the beginning of the period is EUR 88 354 thousand (2023: EUR 46 531 thousand). The Group contract liabilities are typically of short-term nature and settled within a year.

The Group's revenue from external customers by geographical location of customers on 31 December 2024 and 2023 are detailed below:

	2024	2023
Germany	370 718	495 304
Turkey	329 377	211 523
Ireland (country of domicile from 1 March 2023)	90 731	78 104
Cyprus (country of domicile until 1 March 2023)	3 491	1 082
Other Countries (less than 10% each)	1 897 860	1 476 760
	2 692 177	**2 262 773**

The Group's property, plant and equipment, investment properties and intangible assets by geographical locations of established subsidiaries on 31 December 2024 and 2023 are detailed below:

	2024	2023
Malta	584 382	471 526
Lithuania	413 512	430 608
Latvia	256 831	195 697
Ireland (country of domicile from 1 March 2023)	14 752	7 140
Cyprus (country of domicile until 1 March 2023)	12 399	10 893
Other Countries* (less than 10% each)	714 754	516 895
Adjustments (intragroup eliminations)	(61 476)	(41 351)
Total	**1 935 154**	**1 591 408**

*The comparative figures have been revised to reflect the purchase price allocation (Note 33).

The segment 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 segment:

	2024	2023
Customer 1 (2024: 12.9 % from total segment, 2023: 13.4%)	95 880	88 427
Other customers	644 562	571 940
Support Services segment	**740 442**	**660 367**
Customer 2 (2024: 13.7 % from total segment, 2023: 7%)	258 576	109 515
Customer 3 (2024: 10.9 % from total segment, 2023: 0%)	205 514	-
Other customers	1 422 969	1 452 633
Logistics and Distribution Services segment	**1 887 059**	**1 562 148**

6. Other income

	2024	2023
Interest income on loans	2 710	2 022
Penalty income*	533	442
Other income	206	1 002
	3 449	**3 466**

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

7. Employee related expenses

	2024	2023
Wages and salaries	441 920	347 247
Government grants for wages and salaries	(242)	(105)
Social insurance expenses	51 111	43 450
Pension expenses	5 886	4 037
Benefit related to option scheme (Note 35)	-	1 134
	498 675	**395 763**
Number of full-time employees at the end of year	**7 664**	**6 806**
Average of full-time employees during the year	**7 320**	**6 375**
Out of which in Logistics & Distribution	*2 426*	*1 820*
Out of which in Support Services	*4 404*	*4 135*
Out of which in Unallocated	*490*	*420*

8. Depreciation and amortisation

	2024	2023
Depreciation of right-of-use asset (Note 16)	312 219	203 121
Depreciation of tangible assets (Note 16)	45 204	29 200
Amortisation of intangible assets (Note 17)	7 176	6 959
	364 599	**239 280**

(All tabular amounts are in EUR '000)

9. Other gains – net

	2024	2023
Net gain on disposal of subsidiaries (Note 33)	-	9 853
Gains from IFRS 16 due to lease termination	1 909	1 653
Net gain on rights transferred due to sale and leaseback contracts	13 078	2 700
Net (loss)/gain on sales of inventory and other current assets	(395)	216
Net gain on sales of non-current assets	4 956	6 953
Net foreign exchange gain/(loss) on operating activities	1 608	(2 180)
Gain from IFRS 16 due to lease modifications	20	80
Net (loss)/gain on sales of financial assets	(189)	17 821
Other gains/(losses)	689	(493)
	21 676	**36 603**

The caption of "*Net (loss)/gain on sales of financial assets*" includes in 2023 a net gain of EUR 18.3 million related to sale of loans granted to third parties which were fully impaired.

10. Cost of services and goods

	2024	2023
Aircraft fuel expenses	263 558	312 048
Cost of purchased services	161 357	118 593
Costs of aircraft sold	56 001	45 762
Rent of aircraft, engine and other supplementary services	354 051	254 170
Rent of equipment, machinery and other vehicles	23 850	21 515
Cost of goods purchased	146 688	167 591
Aircraft repair and maintenance costs	257 811	152 951
Subcontractors and other related expenses	249 103	206 082
Aircraft operations costs and flight related charges	99 426	112 229
Rent and maintenance of premises	17 282	16 135
Government grants for cost of services and goods	(748)	(516)
	1 628 379	**1 406 560**

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

11. Other operating expenses

	2024	2023
Consulting expenses	29 224	22 025
Office administrative, communications and IT expenses	23 621	18 257
Insurance expenses	35 625	20 315
Transportation and related expenses	1 737	1 708
Business travel expenses	19 481	12 756
Marketing and sales expenses	9 375	7 850
VAT expenses	3 767	2 529
Other expenses	15 391	11 920
	138 221	**97 360**

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

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

Group auditor remuneration and non-audit services

	2024		2023	
	E&Y Ireland	**E&Y Overseas**	**PwC Ireland**	**PwC Overseas**
Group auditors				
Audit of Group accounts	380	1 308	130	1 188
Tax advisory services	-	107	23	207
Other non-audit services	-	13	30	84
	380	**1 428**	**183**	**1 479**

12. Finance income and costs

	2024	2023
Profit from bonds repurchase	-	498
Interest income on cash and cash equivalents	5 535	4 918
Gain from change in fair value recognized in profit and loss (Note 4(h))	52 388	165
Foreign exchange gain on financing activities	-	18 543
Other finance income	10	623
Finance income	**57 933**	**24 747**
Interest expense on borrowings	(30 542)	(19 514)
Interest expense on lease liabilities	(107 455)	(62 967)
Foreign exchange loss on financing activities	(3 425)	(607)
Loss from change in fair value of convertible preferred shares (Note 37)	-	(26 850)
Unwinding of discount on financial assets	(2 566)	(3 010)
Other finance costs	(1 932)	(2 031)
Finance costs	**(145 920)**	**(114 979)**
Finance costs - net	**(87 987)**	**(90 232)**

13. Income tax credit/(expense)

	2024	2023
Current income tax	(23 171)	(16 889)
Deferred income tax (Note 30)	25 368	12 944
Total income tax credit/(expense)	**2 197**	**(3 945)**

(All tabular amounts are in EUR ‘000)

13. Income tax credit/(expense) (continued)

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

	2024	2023
(Loss)/Profit before tax	**(64 780)**	**72 131**
Tax calculated at a tax rate 12.5 %	(8 098)	9 016
Differences of tax rates in other jurisdictions	4 404	713
Tax effects of:		
- Expenses non-deductible for tax purposes	5 395	8 285
- Deferred tax assets not recognised	8 564	3 976
- Non-taxable income	(8 498)	(1 886)
- Recognition of previously unrecognised tax losses	(622)	(10 325)
- Adjustments in respect of prior year	(1 603)	(597)
- Other differences	(1 739)	(5 237)
Total income tax (credit)/expense	**(2 197)**	**3 945**

In 2023 the key amounts in “*Other differences*” relate to reversals of uncertain tax position due to changes in Group structure.

Pillar II – Global minimum tax requirements

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

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

The Group, of which the Company is the parent entity, has determined that it is within the scope of the Irish Pillar Two provisions.

The Group has subsidiaries in countries where statutory corporate income tax rate is below 15% (e.g. UAE, Cyprus, Hungary, Bermuda). Nevertheless, in 2024 most of the profit before income tax was generated in countries where statutory corporate income tax is above 15%. The Group expect to utilize the safe harbor rules as well as substance based carve-outs and expects the overall impact on the Group effective tax rate to be limited.

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

	2024	2023
Non-financial assets		
Impairment and write-off of prepayments	416	50
Impairment and write-off of inventories	7 492	2 995
Impairment and write-off of other assets	39	25
Impairment and write-off of non-current assets	40 606	33
Impairment of goodwill	-	200
	48 553	**3 303**
Financial assets		
Impairment/(Reversal of impairment) of trade receivables and contract assets	6 021	(285)
Impairment of other financial assets	9 660	1 204
	15 681	**919**
Total impairment-related expenses	**64 234**	**4 222**

The impairment and write-off of non-current assets line includes a significant EUR 33.1 million impairment charge reducing the amount of assets within the cash-generating unit to their recoverable amount.

The Group performed an impairment test on its narrow body cargo aircraft cash-generating unit as of 31 December 2024, due to indications of reduced future demand and changes in operational strategy.

The recoverable amount of the CGU was determined based on its value in use, calculated using discounted 5-year cash flow projections. Key assumptions used in the calculation include:

- Pre-tax discount rate: 10.5%;
- Terminal growth rate: 2%;
- Projected EBITDA (post-IFRS 16) margins: 51% based on historical performance for cargo aircraft on long-term projects and updated market outlook.

Management believes that the key assumptions used are appropriate in light of current market conditions. An increase in the discount rate by 1 p.p. would result in an impairment charge in the amount of EUR 37.4 million.

15. Earnings per share

The Group chose not to present the earnings per share based on IAS 33, since the ordinary shares or potential ordinary shares are not traded in a public market and the Group is not in the process of filing its financial statements with a securities commission or other regulatory body for the purpose of issuing ordinary shares in a public market.

(All tabular amounts are in EUR '000)

16. Property, plant and equipment

	Buildings and structures	Vehicles	Aircraft	Machinery	Leasehold improve-ments	Aircraft engines	Construction in progress	Prepayments for assets under preparation for use	Land	Other tangible fixed assets	Total
Carrying amount as of 01 January 2023	**42 591**	**33 953**	**108 633**	**34 252**	**10 443**	**1 488**	**4 062**	**26 823**	**8 291**	**23 457**	**293 993**
Additions (Note 5)*	817	1 962	109 017	14 999	-	3 002	26 807	21 689	1 615	34 740	**214 648**
Acquisitions of subsidiaries	562	239	175	87	-	-	-	-	800	65	**1 928**
Disposals*	(23)	(116)	(36 763)	(11 286)	-	(2 845)	-	-	-	(246)	**(51 279)**
Reclassifications	5 374	(254)	(40 594)	24 138	(10 443)	-	(8 374)	(23 440)	3 504	734	**(49 355)**
Write-offs	-	(5)	(50)	(400)	-	-	(6)	(113)	-	(17)	**(591)**
Impairment loss recognized	-	-	(209)	-	-	-	-	-	-	-	**(209)**
Cumulative currency differences	(445)	(2 725)	(3 040)	1 120	-	(40)	402	30	(32)	(165)	**(4 895)**
Depreciation charge (Notes 5 and 8)	(2 143)	(3 479)	(7 512)	(2 407)	-	(451)	-	-	-	(12 151)	**(28 143)**
Carrying amount as of 31 December 2023	**46 733**	**29 575**	**129 657**	**60 503**	**-**	**1 154**	**22 891**	**24 989**	**14 178**	**46 417**	**376 097**
Cost as of 01 January 2024	75 652	44 338	140 147	86 862	-	2 382	22 891	24 989	14 178	97 156	**508 595**
Accumulated depreciation	(28 919)	(11 139)	(9 668)	(26 359)	-	(986)	-	-	-	(50 739)	**(127 810)**
Accumulated impairment	-	(3 624)	(822)	-	-	(242)	-	-	-	-	**(4 688)**
Carrying amount as of 01 January 2024	**46 733**	**29 575**	**129 657**	**60 503**	**-**	**1 154**	**22 891**	**24 989**	**14 178**	**46 417**	**376 097**
Additions (Note 5)*	2 254	5 231	182 991	18 989	-	1 336	15 318	42 298	998	31 017	**300 432**
Acquisitions of subsidiaries (Note 33)	7 835	438	875	3	-	-	-	354	274	2 106	**11 885**
Disposals*	(139)	(2 315)	(128 991)	(1 013)	-	-	(247)	(5 344)	(125)	(841)	**(139 015)**
Reclassifications	155	118	(73 538)	18 480	-	657	(19 198)	(14 292)	(184)	1 405	**(86 397)**
Write-offs	-	(16)	(12)	(15)	-	(969)	(10)	-	-	(428)	**(1 450)**
Impairment loss recognized	-	-	(6 203)	-	-	-	-	-	-	-	**(6 203)**
Redemption of leased asset	-	1 940	-	351	-	-	-	-	113	-	**2 404**
Sub-lease / lease out	-	-	-	(4)	-	-	-	-	-	-	**(4)**
Cumulative currency differences	535	1 708	7 416	(1 561)	-	36	(162)	429	31	2 181	**10 613**
Depreciation charge (Notes 5 and 8)	(1 941)	(3 672)	(9 527)	(7 013)	-	(32)	-	-	-	(21 169)	**(43 354)**
Carrying amount as of 31 December 2024	**55 432**	**33 007**	**102 668**	**88 720**	**-**	**2 182**	**18 592**	**48 434**	**15 285**	**60 688**	**425 008**
Cost as of 31 December 2024	88 335	46 849	134 699	129 107	-	3 493	18 592	48 434	15 285	111 239	**596 033**
Accumulated depreciation	(32 903)	(10 043)	(21 482)	(40 384)	-	(1 311)	-	-	-	(50 551)	**(156 674)**
Accumulated impairment	-	(3 799)	(10 549)	(3)	-	-	-	-	-	-	**(14 351)**

*During the year, EUR 128 827 thousand (2023: EUR 36 666 thousand) aircraft asset additions and disposals (cost) were related to sale and leaseback transactions. Out of the total additions, the amount of EUR 93 499 thousand (2023: EUR 34 406 thousand) was paid on behalf of the Group by the lessor. The purpose of such transactions is to manage cash flows in operations and retain the asset benefits for future operations.

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

As at 31 December 2024 the Group had classified aircraft as asset held for sale in amount of EUR 15 399 thousand, since it was expected that within 12 months this would be disposed. The purpose of the transaction was related to prudent cash flow management. The assets held for sale were included in the Logistics and Distribution segment as at 31 December 2024.

The Group is committed to incur property, plant and equipment related capital expenditure in amount of EUR 50 130 thousand as at 31 December 2024 (2023: EUR 29 530 thousand).

As of 31 December 2024, the Group, has committed to purchase 40 (2023: Nil) aircraft scheduled to be delivered between 2030-2031. The expected capital commitments are EUR 2.3 billion (2023: EUR Nil). The Directors estimate the aggregate list prices of the committed aircraft based on current market prices in the aircraft leasing sector, industry benchmarks, and information received from third-party public sources. The final purchase price of the aircraft is subject to standard contractual clauses to adjust the purchase price of each aircraft closer to the date of delivery. The breakdown of purchase obligations as at 31 December 2024 was as follows:

Purchase obligations, million EUR	Total	2025-2027	2028-2031
Purchase contract with Boeing	**2 327**	55	2 272

The Directors expect that a portion of the purchase price for the aircraft might be funded by incurring debt/lease liabilities. The exact amount of debt/lease liabilities to be incurred is dependent on the final purchase price and other financial resources available to the Group on the delivery date. The exact amount of indebtedness to be incurred will depend on the actual purchase price of the aircraft and the structure of the purchase price, which may vary due to several factors, including inflation, manufacturer discounts, and the proportion of the purchase price that requires financing.

(All tabular amounts are in EUR '000)

16. Property, plant and equipment (continued)

Right-of-use assets	**Buildings and structures**	**Machinery**	**Vehicles**	**Other tangible fixed assets**	**Leasehold improvements**	**Aircraft**	**Aircraft engines**	**Land**	**Advance payments related to leases**	**Total**
Carrying amount as of 01 January 2023	**17 486**	**33 390**	**27 487**	**4 439**	**4 416**	**393 655**	**799**	**656**	**-**	**482 328**
Additions (Note 5)**	36 562	5 577	1 067	64	24 585	606 050	806	-	-	**674 711**
Acquisitions of subsidiaries	2 514	-	-	-	-	51 539	-	-	-	**54 053**
Reclassifications	4 364	(848)	583	(4 523)	10 758	(652)	-	-	-	**9 682**
Contract modifications / terminations	4 013	438	(5 656)	-	(4)	27 601	-	-	-	**26 392**
Cumulative currency differences	(482)	(837)	(739)	84	(305)	(7 200)	(28)	-	-	**(9 507)**
Depreciation charge (Notes 5 and 8)	(11 231)	(4 431)	(1 792)	(16)	(6 459)	(178 392)	(779)	(21)	-	**(203 121)**
Carrying amount as of 31 December 2023	**53 226**	**33 289**	**20 950**	**48**	**32 991**	**892 601**	**798**	**635**	**-**	**1 034 538**
Cost as of 01 January 2024	81 033	46 842	31 018	64	42 970	1 184 249	1 726	722	-	**1 388 624**
Accumulated depreciation	(27 807)	(13 553)	(10 068)	(16)	(9 979)	(291 648)	(928)	(87)	-	**(354 086)**
Carrying amount as of 01 January 2024	**53 226**	**33 289**	**20 950**	**48**	**32 991**	**892 601**	**798**	**635**	**-**	**1 034 538**
Additions (Note 5)	28 453	15 457	719	186	22 877	359 764	42 149	155	141	**469 901**
Acquisitions of subsidiaries (Note 33)	745	-	-	-	378	8 871	-	604	-	**10 598**
Reclassifications	(238)	773	(5)	176	4 980	1 954	-	108	25	**7 773**
Contract modifications / terminations	3 388	(339)	(1 958)	-	-	76 901	-	360	-	**78 352**
Disposals	-	-	-	-	(779)	-	-	-	-	**(779)**
Write-off	-	-	-	-	(132)	(2 223)	-	-	-	**(2 355)**
Sub-lease / lease out	-	-	-	-	-	(12 753)	-	-	-	**(12 753)**
Impairment	-	-	-	-	-	(32 816)	-	-	-	**(32 816)**
Cumulative currency differences	1 016	(596)	1 130	(16)	2 400	53 305	1 203	-	(28)	**58 414**
Depreciation charge (Notes 5 and 8)	(14 108)	(3 690)	(1 790)	(100)	(9 435)	(275 599)	(7 392)	(105)	-	**(312 219)**
Carrying amount as of 31 December 2024	**72 482**	**44 894**	**19 046**	**294**	**53 280**	**1 070 005**	**36 758**	**1 757**	**138**	**1 298 654**
Cost as of 31 December 2024	119 528	57 985	22 891	607	74 768	1 716 418	45 838	1 954	138	**2 040 127**
Accumulated depreciation	(47 046)	(13 091)	(3 845)	(313)	(21 488)	(613 313)	(9 080)	(197)	-	**(708 373)**
Accumulated impairment	-	-	-	-	-	(33 100)	-	-	-	**(33 100)**

During the year, EUR 77 921 thousand aircraft right-of-use asset additions were related to sale and leaseback transactions. The purpose of such transactions is to manage cash flows in operations and retain the asset benefits for the future operations.

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

More information on the lease liability is disclosed under Note 27 and lease payments not included as lease liabilities are disclosed under Note 32.

Investment property	**2024**	2023
Opening net book amount as at 01 January	**41 151**	**41 640**
Acquisitions of subsidiaries	-	1 547
Additions (Note 5)	694	2 451
Reclassifications	18 417	(3 504)
Cumulative currency differences	1 232	74
Depreciation charge (Notes 5 and 8)	(1 850)	(1 057)
At 31 December	**59 644**	**41 151**
Cost	65 904	47 735
Accumulated depreciation	(6 260)	(6 584)
Net book amount at 31 December	**59 644**	**41 151**

As at 31 December 2024, investment properties were office premises in Cyprus, aircraft hangar in the United Kingdom, and co-living space and office premises in Lithuania. As at 31 December 2023, investment properties were office premises in Cyprus and Lithuania and aircraft hangar in the United Kingdom. During 2024 rental income from investment properties amounted to EUR 5 237 thousand (2023: EUR 1 266 thousand) and direct operating expenses that generated rental income amounted to EUR 2 627 thousand (2023: EUR 894 thousand). Direct operating expenses arising from investment properties that did not generate rental income during 2024 and 2023 were equal to zero.

Total amount of additions during 2024 consists of subsequent expenditures capitalized (2023: EUR 1 166 thousand relates to direct asset acquisitions). The Group had no outstanding commitments to acquire investment properties as at 31 December 2024 and 31 December 2023.

As at 31 December 2024, buildings and investment properties of the Group with the carrying amounts of EUR 50.0 million (2023: EUR 12.7 million), machinery, vehicles and aircraft of the Group with carrying amounts of EUR 35.3 million (2023: EUR 31.7 million) were pledged to banks as collateral for borrowings (Note 27).

(All tabular amounts are in EUR '000)

17. Intangible assets

	Licences and Software	Goodwill*	Website	Customer relationships	Other intangible assets	Prepayments relating to intangible assets	Total
Carrying amount as of 01 January 2023	**10 823**	**85 952**	**297**	**8 697**	**2 998**	**1 448**	**110 215**
Acquisitions of subsidiaries (Note 33)	465	23 023	-	821	4 931	-	**29 240**
Additions (Other) (Note 5)	4 994	-	323	-	947	2 035	**8 299**
Additions (Internally generated) (Note 5)	668	-	-	-	-	-	**668**
Disposals	(17)	-	-	-	-	-	**(17)**
Reclassifications	2 109	-	-	-	-	(2 104)	**5**
Write-offs	-	-	-	-	(237)	(2)	**(239)**
Impairment	-	(200)	-	-	-	-	**(200)**
Cumulative currency differences	(51)	(1 411)	-	20	48	4	**(1 390)**
Amortisation charge (Notes 5 and 8)	(2 982)	-	(135)	(457)	(3 385)	-	**(6 959)**
Carrying amount as of 31 December 2023	**16 009**	**107 364**	**485**	**9 081**	**5 302**	**1 381**	**139 622**
Cost as of 01 January 2024	28 286	107 364	1 305	11 270	11 501	1 381	**161 107**
Accumulated amortisation and impairments losses	(12 277)	-	(820)	(2 189)	(6 199)	-	**(21 485)**
Carrying amount as of 01 January 2024	**16 009**	**107 364**	**485**	**9 081**	**5 302**	**1 381**	**139 622**
Acquisitions of subsidiaries (Note 33)	-	3 614	-	570	2 410	-	**6 594**
Additions (Other) (Note 5)	5 237	-	351	-	193	784	**6 565**
Additions (internally generated) (Note 5)	3 075	-	-	-	-	-	**3 075**
Disposals	-	-	-	-	(5)	-	**(5)**
Reclassifications	1 164	(2)	(37)	-	417	(1 676)	**(134)**
Write-offs	(2)	-	-	-	(1)	-	**(3)**
Cumulative currency differences	358	2 502	-	-	425	25	**3 310**
Amortisation charge (Notes 5 and 8)	(3 604)	-	(81)	(24)	(3 467)	-	**(7 176)**
Carrying amount as of 31 December 2024	**22 237**	**113 478**	**718**	**9 627**	**5 274**	**514**	**151 848**
Cost as of 31 December 2024	39 012	113 478	1 682	11 840	12 646	514	**179 172**
Accumulated amortisation and impairments losses	(16 775)	-	(964)	(2 213)	(7 372)	-	**(27 324)**

*The comparative figures have been revised to reflect the purchase price allocation (Note 33).

(All tabular amounts are in EUR '000)

17. Intangible assets (continued)

For the purpose of impairment testing, goodwill is allocated to each group's cash-generating unit. As of 31 December 2024, the cash-generating units identified had the following goodwill:

	31 December 2024	31 December 2023
Chapman Freeborn Holdings	24 717	23 583
AirExplore*	23 469	21 860
Avion Express	15 424	14 501
Aviator Airport Group	13 566	14 030
AviaAM Leasing	13 506	12 698
Smart Aviation Holdings	11 633	11 633
Skytrans PTY LTD	3 153	-
Star Dome UAB (Twinsbet Arena) (previously: Avia Solutions Group Arena UAB)	2 844	2 844
RAS Completions Ltd.	1 372	1 309
Baltic Ground Services EE OÜ	1 161	1 163
JetMS Completions Ltd.	825	787
Storm Aviation Ltd.	703	703
SIA „GI Terminals"	450	-
Loop Holding UAB	315	315
Baltic Ground Services LV SIA	299	299
Baltic Ground Services HR	27	27
SIA "Gulfstream Oil"	11	-
Avia Technics Dirgantara PT	3	3
Blafugl ehf (Bluebird Nordic)	-	1 609
Total goodwill	**113 478**	**107 364**

* The 2023 amount was restated. For more details, refer Note 33 Business combinations and disposals.

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

	31 December 2024	31 December 2023
Lithuania	32 089	30 358
United Kingdom	27 617	26 382
Slovakia*	23 469	21 860
Sweden	13 566	14 030
Latvia	12 393	11 932
Australia	3 153	-
Estonia	1 161	1 163
Other countries	30	30
Iceland	-	1 609
Total goodwill	**113 478**	**107 364**

*The comparative figures have been revised to reflect purchase price allocation (Note 33).

For the calculation of goodwill on cash-generating units acquired in 2024, see Note 33. For annual goodwill impairment testing purposes, the recoverable amounts of cash-generating units have been determined based on a value in use calculation. This calculation uses pre-tax cash flow projections based on financial budgets approved by management for a five-year period. Management budgeted profit before tax is based on past performances, current industry trends, valued contracts with customers, and its expectations of market development.

The following table sets out the key assumptions for those cash-generating units 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 %	
	2024	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**
Chapman Freeborn Holdings	13%	12%	-2%	4%	9%	13%	72%	76%	2.00%	2.00%
Aviator Airport Group	11%	12%	6%	6%	12%	10%	72%	79%	2.00%	2.00%
Avion Express	14%	13%	4%	7%	33%	31%	64%	73%	2.00%	2.00%
Smart Aviation Holdings	11%	12%	-5%	5%	35%	31%	43%	71%	2.00%	2.00%
AviaAM Leasing	11%	11%	8%	12%	45%	30%	81%	66%	2.00%	2.00%
AirExplore	12%		6%		37%		78%		2.00%	

Assumptions

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 a five-year forecast period; based on management industry knowledge, strategic plans and including long-term inflation forecasts
Average EBITDA margin rate	Average EBITDA margin rate over a five-year forecast period; based on management industry knowledge, strategic plan and historical data
Terminal growth share	Reflect the percentage of terminal growth share in present value of recoverable amount
Terminal growth rate	This is the weighted average growth rate used to extrapolate cash flows beyond the business plan period

For the cash-generating units, the key changes in assumptions relate to average annual sales growth and EBITDA margin. In the current year, they were revised based on actual performance during 2023 and expected outlook based on business plans and known industry environment by management where each cash-generating unit operates, taking into consideration publicly available information as of year-end.

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

The estimated recoverable amount of Chapman Freeborn Holdings exceeded its carrying amount as at 31 December 2024. The year 2024 was profitable and revenue decreased by approximately 15% due to a downturn in the cargo market (2023: decreased by 16%). EBITDA margin was approximately 6% (2023: 12%). Budgeted EBITDA for the next five years was based on expectations of future outcomes account considering experience, adjusted for anticipated revenue growth. Revenue growth was projected to reflect a rebound in the cargo market. 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 cash-generating unit to exceed its recoverable amount.

(All tabular amounts are in EUR '000)

17. Intangible assets (continued)

The recoverable amount calculated for Aviator Airport Group exceeded its carrying amount as at 31 December 2024. The CGU increased revenues by 14% (2023: increased by 21%) and had an EBITDA margin of approximately 11% (2023: 9%). Aviator Airport Group is providing ground handling services and revenue growth was projected based on new contracts signed and estimated sales volumes. Management has performed a sensitivity test that a 5 p.p. decrease in the projected EBITDA margin applied would not result in any impairment as at 31 December 2024.

The recoverable amount calculated for Smart Aviation Holdings exceeded its carrying amount as at 31 December 2024. Smart Aviation Holdings was expanding by increase of fleet and recovering passenger travel levels. Total revenues grew by 18% comparing 2024 to 2023 (2023: grew by 33%), while EBTDA margin was around 12% (2023: 23%). Management of the Group reassessed future forecasts based on the assumption of higher fleet utilization. Based on the estimate the recoverable amount exceeded its carrying amount as at 31 December 2024. Management has performed a sensitivity test that a 5 p.p. decrease in the projected EBITDA margin applied would not result in any impairment as at 31 December 2024.

The recoverable amount calculated for Avion Express exceeded its carrying amount as at 31 December 2024. Avion Express continued to expand their aircraft fleet and grew together with recovering passenger flights. Total revenue in 2024 has increased by 40% compared to 2023 levels (2023: increased by 63%), while EBITDA margin was around 29% (2023: 26%). The Group reassessed forecasts for the next five years on the assumption that revenue and EBITDA to reflect market trends and strategic decisions. Based on the estimate, the recoverable amount exceeded its carrying amount as at 31 December 2024. Management has performed a sensitivity test that a 5 p.p. decrease in the projected EBITDA margin applied would not result in any impairment as at 31 December 2024.

The recoverable amount calculated for AviaAM Leasing exceeded its carrying amount by approximately 2 times at 31 December 2024 (2023: 3 times). Total revenue in 2024 has increased by 16% compared to 2023 levels (2023: increased by 84%), while EBITDA margin was around 6% (2023: 60%). Budgeted EBITDA for the next five years was based on expectations of future aircraft capacity deliveries. Management considered and assessed reasonably possible changes for key assumptions. Management has performed a sensitivity test that a 15 p.p. decrease in the projected EBITDA margin applied would not result in any impairment as at 31 December 2024.

The recoverable amount calculated for AirExplore exceeded its carrying amount by approximately 6 times at 31 December 2024. The Group assessed forecasts for the next five years on the assumption that revenue and EBITDA reflect market trend and strategic decisions. Management has performed a sensitivity test that a 15 p.p. decrease in the projected EBITDA margin applied would not result in any impairment as at 31 December 2024.

18. Investments in joint ventures

The Group has the following joint ventures:

Name of entity	Country of incorporation	% of ownership interest 2024	% of ownership interest 2023	Activities
BSTS & Storm Aviation Limited	Bangladesh	49	49	Aircraft maintenance services
BAA Training China Co., Ltd.	China	50	50	Aircraft crew training services
AviaAM Financial Leasing China Co.	China	51	51	Lease and management of aircrafts
FL ARI Aircraft Maintenance & Engineering Company CO. LTD	China	-	-	Aircraft maintenance services

BAA Training China Co., Ltd. and AviaAM Financial Leasing China Co. are not carrying out any business activities during 2024 and 2023.

Reconciliation to carrying amounts as of 31 December 2024 and 31 December 2023 are presented below:

	AviaAM Financial Leasing China Co. Ltd.	BSTS & Storm Aviation Limited	BAA Training China Co., Ltd
Opening net assets 01 January 2024	**-**	**141**	**544**
Profit for the period	-	26	-
Other comprehensive (loss)/income	-	(4)	4
Closing net assets 31 December 2024	**-**	**163**	**548**
Group's share in %	51%	49%	50%
Group's share of net assets	-	81	272
Cumulative currency differences	-	8	7
Carrying amount 31 December 2024	**-**	**89**	**279**
Total Group's share of profit for the period	-	13	-
Cumulative currency differences	-	(2)	-
Total Group's share of comprehensive income	**-**	**11**	**-**

	AviaAM Financial Leasing China Co. Ltd.	BSTS & Storm Aviation Limited	FL ARI Aircraft Maintenance & Engineering Company CO. LTD	BAA Training China Co., Ltd	Certifying Staff. Com B.V.
Opening net assets 01 January 2023	**-**	**157**	**-**	**544**	**-**
Loss for the period	-	(1)	-	-	-
Other comprehensive loss	-	(15)	-	-	-
Closing net assets 31 December 2023	**-**	**141**	**-**	**544**	**-**
Group's share in %	51%	49%	-%	50%	50%
Group's share of net assets	-	69	-	272	-
Cumulative currency differences	-	4	-	3	-
Carrying amount 31 December 2023	**-**	**73**	**-**	**275**	**-**
Total Group's share of profit/(loss) for the period	-	(1)	2 702*	-	5
Cumulative currency differences	-	(7)	-	-	-
Total of Group's share of comprehensive (expense)/income	**-**	**(8)**	**2 702**	**-**	**5**

*The Group provided a loan to FL ARI Aircraft Maintenance & Engineering Company CO. LTD (in amount of USD 2 920 thousand as of 31 December 2022) which was considered as part of its net investment. Therefore, equity interest was reduced to zero and the loan was appropriately reduced by the negative carrying amount as of 31 December 2022. As of 01 September 2023, the Group sold its part of investment for EUR 1. The result is related to partial recovery of the loan granted.

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. The shareholders' agreement in relation to AviaAM Financial Leasing China Co., Ltd. requires unanimous consent from both parties for all relevant activities. The two partners have rights to the net assets of the joint venture. This entity is therefore classified as a joint venture in the consolidated financial statements and the Group does not consolidate it, but accounts using equity method.

(All tabular amounts are in EUR '000)

18. Investments in joint venture (continued)

During 2022, its net assets were significantly decreased as seized aircraft contributed to majority of its total consolidated assets, which were highly leveraged. Consequently, for the year ended 31 December 2022, the Group recognized EUR 55 million as its share of loss from this equity-accounted investee, effectively reducing the carrying amount of investment to zero.

No significant developments occurred during the years 2024 and 2023.

19. Provisions

	2024	2023*
C-check and other aircraft maintenance provisions	47 803	43 623
Legal claim provisions	10 108	6 217
Other provisions	12 475	4 917
	70 386	**54 757**
Less: non-current portion	(19 890)	(15 813)
Current portion	**50 496**	**38 944**

	2024	2023*
C-check and other aircraft maintenance provisions	18 403	13 878
Other provisions	1 487	1 935
Non-current portion	**19 890**	**15 813**

*The comparative figures have been revised to reflect the purchase price allocation (Note 33).

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

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

	C-check & other aircraft maintenance*	Legal claim	Other	Total
Total provisions as of 31 December 2022	**19 213**	**1 693**	**7 170**	**28 076**
Acquired through business combination	5 930	-	2 516	8 446
Additional provisions recognized	33 554	4 680	2 873	41 107
Amounts used during the year	(14 725)	-	(7 343)	(22 068)
Cumulative currency differences	(349)	(156)	(299)	(804)
Total provisions as of 31 December 2023	**43 623**	**6 217**	**4 917**	**54 757**
Additional provisions recognized	33 001	8 446	9 926	51 373
Amounts used during the year	(30 630)	(4 836)	(2 598)	(38 064)
Cumulative currency differences	1 809	281	230	2 320
Total provisions as of 31 December 2024	**47 803**	**10 108**	**12 475**	**70 386**

*The comparative figures have been revised to reflect the purchase price allocation (Note 33).

Contingent liabilities and provisions

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

In December 2021, a Group subsidiary leased three aircraft from a lessor who became subject to international sanctions on or around February to April 2022. The aircraft remained in storage and were unused since then. As of 31 December 2024, the lessor was claiming up to USD 14 million in unpaid rent (including interest), alleging rent payment obligations continue until redelivery. The Group subsidiary disputes the claim, as the aircraft could not be used and redelivery has been prevented by factors outside its control. Management considers this a contingent liability, with no expected monetary outflow.

As at the 31 December 2024 the Group has made provisions in amount of EUR 8 million for potential penalty claims from ACMI customers in relation to projects carried out during 2024. The claims have arisen primarily due to delays in aircraft deliveries to customers and operational performance issues experienced throughout the year, both of which resulted primarily from postponed maintenance events. These claims are currently being addressed through both court and out-of-court proceedings, which, as of the date of this Annual Report, have not yet been finalized.

20. Inventories

	2024	2023*
Spare parts and materials – gross amount	119 479	84 114
Less: provision for impairment of inventories	(10 691)	(11 829)
Spare parts and materials	**108 788**	**72 285**
Aircraft and aircraft components – gross amount	133 086	46 416
Less: provision for impairment of aircraft	(3 842)	(4 702)
Aircraft and aircraft components	**129 244**	**41 714**
Aircraft fuel	**1 299**	**1 355**
Work in progress	**392**	**3 151**
Goods in transit	**1 936**	**1 095**
Other inventories – gross amount	7 301	6 275
Less: provision for impairment of other inventories	(125)	(130)
Other inventories	**7 176**	**6 145**
	248 835	**125 745**

*The comparative figures have been revised to reflect purchase price allocation (Note 33).

The allowance for impairment of inventories in the total amount of EUR 4.8 million was additionally recognised in 2024 to represent their net realisable value (2023: EUR 3.0 million).

During 2024, EUR 293.7 million (2023: EUR 291.2 million) was recognised as an expense for inventories carried at net realisable value. This is recognised in Cost of services and goods.

As at 31 December 2024 spare parts and materials of the Group with carrying amounts of EUR 34.4 million (2023: EUR 0), and goods for sale, goods in transit, and other inventories of the Group with carrying amounts of EUR 3 million (2023: EUR 0) were pledged to banks as collateral for borrowings (Note 27).

(All tabular amounts are in EUR '000)

21. Trade and other receivables

	2024	2023
Trade receivables	194 538	192 722
Less: provision for impairment of trade receivables	(38 886)	(43 786)
Trade receivables – net	**155 652**	**148 936**
Prepayments	51 784	56 227
Less: provision for impairment of prepayments	(943)	(554)
Prepayments - net	**50 841**	**55 673**
Other receivables	27 030	40 834
Discounting of other receivables	(7)	(38)
Less: provision for impairment of other receivables	(947)	(1 312)
Other receivables – net	**26 076**	**39 484**
Trade receivables from related parties	1 176	700
Less: provision for impairment of trade receivables from related parties	(9)	(5)
Trade receivables from related parties - net (Note 34)	**1 167**	**695**
Loans granted to related parties (Note 34)	27 623	26 733
Discounting of loans granted to related parties	(641)	-
Less: provision for impairment of loans granted to related parties	(182)	(232)
Loans granted to related parties - net	**26 800**	**26 501**
Loans granted	18 579	19 271
Discounting of loans granted	(71)	(91)
Less: provision for impairment of loans granted	(8 620)	(7 410)
Loans granted - net	**9 888**	**11 770**
Leasehold receivables	15 327	-
Less: provision for impairment of leasehold receivables	(5 227)	-
Leasehold receivables – net	**10 100**	-
Other receivables from related parties	9 787	9 542
Discounting of other receivables from other related parties	(117)	(204)
Less: provision for impairment of other receivables from related parties	(264)	(262)
Other receivables from related parties – net (Note 34)	**9 406**	**9 076**
VAT receivables	**23 995**	**20 801**
Receivables from investment in bonds - gross	-	1 900
Less: provision for impairment of receivables from investment in bonds	-	(1 900)
Receivables from investment in bonds - net	**-**	**-**
Deferred charges	**65 204**	**47 193**
Security deposits placed - gross	102 658	84 221
Discounting of security deposit	(8 534)	(4 681)
Less: provision for impairment of security deposits	(3 223)	(102)
Security deposits – net	**90 901**	**79 438**
Security deposits to related parties – net (Note 34)	**14**	**11**
Prepayments to related parties (Note 34)	**18**	**399**
Total trade and other receivables	**470 062**	**439 977**
Less non-current portion	(134 580)	(112 618)
Current portion	**335 482**	**327 359**

	2024	2023
Loans granted to related parties	25 729	25 653
Discounting of loans granted to related parties	(641)	-
Less: provision for impairment of loans granted to related parties	(178)	(101)
Loans granted to related parties - net	**24 910**	**25 552**
Loans granted	10 416	10 602
Discounting of loans granted	(71)	(91)
Less: provision for impairment of loans granted	(4 216)	(3 003)
Loans granted – net	**6 129**	**7 508**
Leasehold receivables	13 291	-
Less: provision for impairment of leasehold receivables	(4 532)	-
Leasehold receivables – net	**8 759**	-
Deferred charges	**7 818**	**7 684**
Security deposits placed - gross	84 468	63 976
Discounting of security deposit	(8 534)	(4 681)
Less: provision for impairment of security deposits	(1 270)	(56)
Security deposit – net	**74 664**	**59 239**
Security deposit to related parties – net	**12**	**11**
Other receivables	5 448	6 881
Discounting of other receivables	(7)	(38)
Less: provision for impairment of other receivables	(46)	(842)
Other receivables – net	**5 395**	**6 001**
Other receivables from related parties	7 036	6 855
Discounting of other receivables from related parties	(117)	(204)
Less: provision for impairment of other receivables from related parties	(26)	(28)
Other receivables from related parties – net	**6 893**	**6 623**
Total non-current trade and other receivables	**134 580**	**112 618**

(All tabular amounts are in EUR '000)

21. Trade and other receivables (continued)

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

	2024	2023
Financial instruments		
Trade receivables	155 652	148 936
Trade receivables from related parties (Note 34)	1 167	695
Other receivables	26 076	39 484
Other receivables from related parties (Note 34)	9 406	9 076
Loans granted	9 888	11 770
Loans granted to related parties (Note 34)	26 800	26 501
Leasehold receivables	10 100	-
Security deposits	90 901	79 438
	329 990	**315 900**
Non-financial instruments		
Prepayments	50 841	55 673
VAT receivables	23 995	20 801
Deferred charges	65 204	47 193
Security deposits to related parties (Note 34)	14	11
Prepayments to related parties (Note 34)	18	399
	140 072	**124 077**
Total	**470 062**	**439 977**

All non-current receivables as at 31 December 2024 are not due until 2030. All non-current receivables as at 31 December 2023 were not due until 2030. The fair values of trade and other receivables approximate their carrying values. The weighted average interest rate of loans granted to third parties was 6.38% (2023: 6.36%). The weighted average interest rate of loans granted to related parties was 6.80% (2023: 4.77%).

As at 31 December 2024, trade receivables of the Group with carrying amounts of EUR 22.6 million (2023: EUR 0) and other receivables of the Group with carrying amounts of EUR 0 (2023: EUR 163 thousand) were pledged to banks as collateral for bank borrowings and overdraft (Note 27).

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

	2024	2023
EUR	115 628	122 747
USD	160 549	152 730
GBP	5 961	8 448
Swedish Krona (SEK)	6 615	7 146
Other	41 237	24 829
	329 990	**315 900**

22. Contract assets

	2024	2023
Contract costs incurred and recognised profits (less losses) to date	42 024	36 175
Less: provision for impairment	(67)	(189)
Amounts due from customers on contracts in progress (IFRS 9)	**41 957**	**35 986**

23. Cash and cash equivalents

	2024	2023
Cash in banks	175 153	185 027
Bank deposits (maturity up to 3 months)	9 423	15 385
Cash on hand	125	141
Total cash and cash equivalents	**184 701**	**200 553**

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

	2024	2023
EUR	79 192	64 197
USD	75 818	111 760
SEK	8 199	7 829
GBP	5 534	1 835
Other	15 958	14 932
	184 701	**200 553**

24. Share capital and Share premium

On 01 March 2023, the Company allotted and issued 77 777 777 ordinary shares of EUR 0.29 each and 19 444 444 convertible preferred shares of EUR 0.29 each to the shareholder(s) of Avia Solutions Group PLC resulting in the creation of share premium of EUR 1.47 billion. As the new convertible preferred shares are classified as debt for accounting purposes, the share premium account disclosed on the consolidated balance sheet only relates to the ordinary shares issued by the Company at a premium.

On 17 July 2023, the shareholders of the Company approved a special resolution authorising the reduction and cancellation of EUR 1 461 805 thousand standing to the credit of the share premium account of the Company resulting from the allotment and issue of ordinary shares and convertible preferred shares under the terms of the merger and thereby increasing the Company's profits available for distribution within the meaning of Section 117 of the Companies Act 2014. In furtherance of that resolution, the board of directors of the Company resolved on 22 June 2023 to approve the reduction of the share premium account by EUR 1 461 805 thousand. On 02 October 2023, the High Court of Ireland confirmed the reduction and cancellation of share premium of EUR 1 461 805 thousand. This resulted in an increase of the Company's distributable profits and a transfer of an amount of EUR 1 167 444 thousand in reserves from the share premium account to the profit and loss reserve account arising from the capital reduction of the share premium arising on ordinary shares classified within equity of the same amount with effect from October 11, 2023 (being the date on which the order of the High Court approving the capital reduction was registered by the Registrar of Companies).

As at 31 December 2023, the 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 EUR 0.29 each. All shares were fully paid up and authorised share capital is the same as issued and paid-up share capital. On 31 December 2023, the share premium of the Company amounted to EUR 10 000 thousand.

During March 2024, the Group entered into a conversion and undertaking agreement with Certares Compass S.à r.l regarding the conversion of the preferred shares held in the Company into ordinary shares, constituting 20% ownership in the Company. As of 22 April 2024, the convertible preferred shares held by Certares Compass S.à r.l. (except for one, being the retained preferred share) have been effectively converted into ordinary shares. Refer to Note 4(h) for details of the judgments on conversion.

(All tabular amounts are in EUR '000)

24. Share capital and Share premium (continued)

As at 31 December 2024, the share capital of the Company amounted to EUR 28 194 444 and consisted of 97 222 220 ordinary registered shares with a nominal value of EUR 0.29 each. All shares were fully paid up and authorised share capital is the same as issued and paid-up share capital. On 31 December 2024, the share premium of the Company amounted to EUR 10 000 thousand.

As at 31 December 2024 the Group had no outstanding treasury shares (no such as at 31 December 2023) which are deducted from the equity attributable to the Group's equity holders.

None of the ordinary shareholders of the Company have any special controlling rights. Rights of all ordinary shareholders are equal. One ordinary registered share of the Company gives one vote in the general meeting of shareholders.

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

On 24 October 2023, the Company declared a dividend amounting to EUR 24 996 thousand (EUR 26 cents per share) to its shareholders. During 2024, at Group level, EUR 1 193 thousand (2023: EUR 1 540 thousand) were paid to minority shareholders.

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 2.21).

Cash flow hedge reserve comprise changes in fair value of derivatives designated for hedging (Notes 2.19 and 36).

Other reserves are formed for option agreements which give the right for the Group employees to put back acquired shares of the Company during the period from 2019 to 2023 (Note 35).

26. Non-controlling interests

Name	Country of incorporation	Operating segment	Ownership interest held by NCI (in %) 2024	2023
Baltic Ground Services LV SIA	Latvia	Supporting Services	49	49
Gulfstream Oil SIA	Latvia	Supporting Services	49	-
SIA „GI Terminals"	Latvia	Supporting Services	49	-
AviaAM Leasing Service Centre AB	Lithuania	Logistics and Distribution Services	1.16	1.16
Chapman Freeborn Airchartering BV	Belgium	Logistics and Distribution Services	20	20
Intradco Cargo Services Limited	The United Kingdom	Logistics and Distribution Services	25	25
Zeusbond Limited	The United Kingdom	Logistics and Distribution Services	25	25
Chapman Freeborn Airchartering Limited	Canada	Logistics and Distribution Services	25	25
Intradco Global DMCC	United Arab Emirates	Logistics and Distribution Services	25	25
AI 12 DMCC	United Arab Emirates	Unallocated	49	49

Set out below is the summarized financial information for non-controlling interests as of 31 December 2024:

	Baltic Ground Services LV SIA	AviaAM Leasing AB	SIA „GI Terminals"	AI 12 DMCC	Other	Total
Non-current assets	4 435	99 071	7 493	39	1 099	**112 137**
Current assets	3 989	180 967	1 467	36 655	8 050	**231 128**
Non-current liabilities	(2 378)	(11 176)	-	(64)	(269)	**(13 887)**
Current liabilities	(2 095)	(47 649)	(1 291)	(31 441)	(5 192)	**(87 668)**
Net assets	**3 951**	**221 213**	**7 669**	**5 189**	**3 688**	**241 710**
Net assets attributable to NCI	**1 935**	**2 438**	**3 699**	**2 527**	**802**	**11 401**
Revenue	31 935	85 035	-	30 568	14 964	**162 502**
Profit/(loss)	592	(1 871)	-	4 637	2 517	**5 875**
Profit/(loss) allocated to NCI	**290**	**(22)**	**-**	**2 272**	**621**	**3 161**
Declared dividends to NCI	**529**	**-**	**-**	**347**	**317**	**1 193**

During 2024, AviaAM Leasing Service Centre AB has net cash flows used in operating activities amounting to EUR 5 186 thousand, net cash flows used in investing activities amounting to EUR 17 010 thousand, and net cash flows provided by financing activities amounting to EUR 762 thousand.

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

	Baltic Ground Services LV SIA	AviaAM Leasing AB	AI 12 DMCC	Other	Total
Non-current assets	19	137 681	22	972	**138 694**
Current assets	8 368	116 623	7 146	8 364	**140 501**
Non-current liabilities	(1 479)	(751)	(8)	(229)	**(2 467)**
Current liabilities	(1 395)	(43 945)	(6 130)	(6 787)	**(58 257)**
Net assets	**5 513**	**209 608**	**1 030**	**2 320**	**218 471**
Net assets attributable to NCI	**2 702**	**2 294**	**504**	**500**	**6 000**
Revenue	26 112	72 661	1 907	11 713	**112 393**
Profit	4 422	40 270	334	1 962	**46 988**
Profit allocated to NCI	**2 167**	**467**	**164**	**417**	**3 215**
Declared dividends to NCI	**735**	**-**	**-**	**805**	**1 540**

During 2023, AviaAM Leasing Service Centre AB has net cash flows used in operating activities amounting to EUR 3 260 thousand, net cash flows used in investing activities amounting to EUR 17 984 thousand, and net cash flows provided by financing activities amounting to EUR 4 020 thousand.

(All tabular amounts are in EUR '000)

27. Borrowings

	2024	2023
Non-current		
Bank borrowings	30 887	21 037
Lease liabilities	1 032 356	786 959
Bonds issued	282 006	-
Other borrowings	7 940	8 948
	1 353 189	**816 944**
Current		
Bank borrowings	21 397	11 865
Lease liabilities	310 354	219 148
Bonds issued	3 519	162 767
Other borrowings*	10 950	10 117
	346 220	**403 897**
Total borrowings	**1 699 409**	**1 220 841**

*Total amount of Other borrowings includes factoring amounting to EUR 9 120 thousand as of 31 December 2024 (2023: EUR 8 473 thousand). In the recourse factoring arrangement, the carrying value of trade receivables, as factored, equals the outstanding factoring liability in its entirety.

In the table above, the issued bonds are presented net of costs in the amount of EUR 6 761 thousand (2023: EUR 1 086 thousand).

On 15 May 2024, ASG Finance Designated Activity Company (ASG Finance DAC) issued USD 300 000 thousand senior unsecured notes accruing interest at 9.75% (2024 Notes). The 2024 Notes are guaranteed by the Company, Air Holding Limited, AviaAM Leasing Service Centre AB, Chapman Freeborn Holdings Limited, FL Technics UAB and SIA Smart Aviation Holdings. The 2024 Notes were listed on Euronext Dublin. As of 31 December 2024, the total principal outstanding on the 2024 Notes was EUR 288 767 thousand.

On 03 December 2019, ASG Finance DAC issued USD 300 000 thousand senior unsecured notes accruing interest at 7.875% (2019 Notes). The 2019 Notes were guaranteed by Avia Solutions Group PLC, AviaAM Leasing AB, Baltic Ground Services UAB, Chapman Freeborn Holdings Limited, FL Technics UAB and SIA Smart Aviation Holdings. The 2019 Notes were listed on Euronext Dublin. During 2024, the proceeds of the 2024 Notes were partially used to repay the 2019 Notes in full.

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

	2024	2023
EUR	125 565	106 461
USD	1 521 818	1 077 424
GBP	5 245	5 001
SEK	6 790	6 465
Other	39 991	25 490
	1 699 409	**1 220 841**

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

Discounted	2024	2023
Less than 1 year	346 220	403 897
Between 1 and 5 years	1 226 607	680 839
Over 5 years	126 582	136 105
	1 699 409	**1 220 841**

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

	2024	2023
Lease liabilities	8.39%	8.16%
Bank borrowings	6.38%	7.57%
Other borrowings	10.69%	10.10%
Bonds issued	9.75%	8.50%

Lease liabilities – minimum lease payments:

	2024	2023
Not later than 1 year	416 847	297 060
After 1 year but not later than 5 years	1 181 425	857 293
After 5 years	170 561	162 812
Less: future lease charges	(426 123)	(311 058)
Present value of lease liabilities	**1 342 710**	**1 006 107**
Present value of lease liabilities:		
Not later than 1 year	310 354	219 148
After 1 year but not later than 5 years	909 634	656 129
After 5 years	122 722	130 830
	1 342 710	**1 006 107**

(All tabular amounts are in EUR '000)

27. Borrowings (continued)

Reconciliation of movements of liabilities to cash flows arising from financing activities:

	Bank overdraft	Bank borrowings	Bonds issued	Other borrowings	Lease liabilities	Convertible preferred shares (Note 37)	Total
Balance as at 01 January 2023	**298**	**33 915**	**186 547**	**27 637**	**469 456**	**325 726**	**1 043 579**
Changes from financing cash flows	-	(2 765)	(19 847)	(8 203)	(151 442)	-	**(182 257)**
Interest payments (presented as operating cash flows)*	-	(3 965)	(13 133)	(1 602)	(61 133)	-	**(79 833)**
Changes arising from obtaining or losing control of subsidiaries	-	1 995	-	311	56 344	-	**58 650**
Change in bank overdraft	(298)	-	-	-	-	-	**(298)**
Foreign exchange adjustments	-	(452)	(6 100)	(305)	(24 879)	-	**(31 736)**
New leases	-	-	-	-	633 409	-	**633 409**
Interest expense*	-	2 958	14 775	1 781	62 967	-	**82 481**
Change in fair value	-	-	-	-	-	26 850	**26 850**
Other non-cash changes**	-	1 216	525	(554)	21 385	-	**22 572**
Balance as at 31 December 2023	**-**	**32 902**	**162 767**	**19 065**	**1 006 107**	**352 576**	**1 573 417**
Changes from financing cash flows	-	18 297	111 225	(3 513)	(241 983)	-	**(115 974)**
Interest payments (presented as operating cash flows)	-	(4 921)	(20 373)	(762)	(105 148)	-	**(131 204)**
Changes arising from obtaining or losing control of subsidiaries	-	63	-	2 830	9 758	-	**12 651**
Change in bank overdraft	(30)	-	-	-	-	-	**(30)**
Foreign exchange adjustments	30	852	14 705	(217)	69 700	-	**85 070**
New leases	-	-	-	-	421 548	-	**421 548**
Interest expense	-	5 336	24 439	767	107 455	-	**137 997**
Change in fair value	-	-	-	-	-	(52 576)	**(52 576)**
Capitalised debt issuance transaction costs (presented as financing cash flows)	-	(24)	(7 238)	-	-	-	**(7 262)**
Other non-cash changes**	-	(221)	-	720	75 273	(300 000)	**(224 228)**
Balance as at 31 December 2024	**-**	**52 284**	**285 525**	**18 890**	**1 342 710**	**-**	**1 699 409**

* "Accrued interest" row in the prior year was disaggregated to separate "Interest payments" and "Interest expense" rows for a more proper presentation.

**Other non-cash changes from lease liabilities include EUR 36.4 million (EUR 17.2 million) for lease termination, mostly in the Logistics and Distribution Services and lease modifications amounting to EUR 115.3 million (2023: EUR 40.6 million).

(All tabular amounts are in EUR '000)

28. Trade and other payables

	2024	2023
Financial instruments		
Trade payables	210 012	134 996
Trade payables to related parties (Note 34)	478	775
Accrued expenses	98 590	83 129
Accrued expenses to related parties (Note 34)	41	178
Dividends payable	417	800
Other payables to related parties (Note 34)	174	2
Other payables	3 956	4 601
	313 668	**224 481**
Non-financial instruments		
Salaries and social security payable	77 515	69 436
VAT payable	13 373	11 778
Employee benefit obligations	4 137	1 912
Pension reserve accrual	881	404
Other payables	3 399	6 094
	99 305	**89 624**
Total	**412 973**	**314 105**
Less: non-current portion	(3 883)	(7 705)
Current portion	**409 090**	**306 400**

	2024	2023
Other payables	2 014	6 358
Employee benefit obligations	1 210	1 005
Pension reserve accrual	659	342
Non-current portion	**3 883**	**7 705**

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

	2024	2023
EUR	89 962	101 629
USD	189 427	99 476
GBP	9 376	7 515
SEK	3 518	4 692
Other currencies	21 385	11 169
	313 668	**224 481**

29. Security deposits received

	2024	2023
Returnable security deposits repayable after one year at nominal value	1 972	847
Less: discounting effect (at 2.83%)	(1)	(2)
Returnable security deposits repayable after one year	**1 971**	**845**
Returnable security deposits repayable within one year at nominal value	19 718	17 632
Returnable security deposits repayable within one year	**19 718**	**17 632**

30. Deferred income tax

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

Deferred tax assets	2024	2023
At beginning of the period	**38 486**	**17 646**
Acquisitions of subsidiaries (Note 33)	179	3 097
Charged to the consolidated statement of profit or loss	32 062	18 514
Currency translation differences	1 302	(771)
At end of year	**72 029**	**38 486**

Deferred tax liabilities	2024	2023*
At beginning of the period	**17 161**	**11 151**
Acquisitions of subsidiaries (Note 33)	1 669	(91)
Charged to the consolidated statement of profit or loss	6 694	5 570
Recognised through OCI	(1 214)	173
Currency translation differences	(431)	358
At end of year	**23 879**	**17 161**

*The comparative figures have been revised to reflect purchase price allocation (Note 33).

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

	2024	2023*
Deferred tax assets		
Deferred income tax to be recovered within 1 year	59 095	27 162
Deferred income tax to be recovered after 1 year	12 934	11 324
	72 029	**38 486**
Deferred tax liabilities		
Deferred income tax to be recovered within 1 year	20 314	11 097
Deferred income tax to be recovered after 1 year	3 565	6 064
	23 879	**17 161**

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

(All tabular amounts are in EUR '000)

30. Deferred income tax (continued)

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

Deferred tax components	**31 December 2024**	**Charged to profit or loss**	**Charged to OCI**	**Acquisitions**	**31 December 2023***	**Charged to profit or loss**	**Charged to OCI**	**Acquisitions**	**Disposals**	**31 December 2022**
Tax loss carry-forward	**40 736**	9 313	-	-	**31 423**	10 890	-	3 114	(15)	**17 434**
Right of use assets	**(219 275)**	(103 439)	-	(2 208)	**(113 628)**	(42 527)	-	(11 259)	-	**(59 842)**
Lease liabilities	**232 503**	110 675	-	2 380	**119 448**	47 833	-	11 259	-	**60 356**
Provisions	**7 196**	3 534	-	-	**3 662**	911	-	-	-	**2 751**
Impairment losses on financial assets	**1 956**	516	-	-	**1 440**	(71)	-	-	(2)	**1 513**
Impairment losses on inventories	**1 113**	(104)	-	-	**1 217**	(65)	-	-	-	**1 282**
Discounting effect	**782**	(39)	-	-	**821**	555	-	-	-	**266**
Cash flow hedge	**49**	-	1 214	-	**(1 165)**	-	(173)	-	-	**(992)**
Distributable reserves of subsidiaries	**(2 042)**	4 115	-	(562)	**(5 595)**	(5 595)	-	-	-	**-**
Fair value adjustments from business combinations	**(3 356)**	4 424	-	(765)	**(7 015)**	1 028	-	(18)	-	**(8 025)**
Provision for unrealized profit	**3 259**	3 259	-	-	**-**	-	-	-	-	**-**
Difference in depreciation basis of property, plant and equipment	**(17 605)**	(6 080)	-	(342)	**(11 183)**	(1 150)	-	-	109	**(10 142)**
Other	**2 834**	927	-	7	**1 900**	6	-	-	-	**1 894**
Foreign exchange translation differences	**-**	(1 733)	1 733	-	**-**	1 129	(1 129)	-	-	**-**
Total net deferred tax assets	**48 150**	**25 368**	**2 947**	**(1 490)**	**21 325**	**12 944**	**(1 302)**	**3 096**	**92**	**6 495**

*The comparative figures have been revised to reflect purchase the price allocation (Note 33).

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 consolidated balance sheet:

	2024	2023*
Deferred tax assets, net		
Deferred income tax assets	72 029	38 486
Deferred income tax liabilities	(23 879)	(17 161)
	48 150	**21 325**

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 (2023: 15% rate), in Malta - at 35% rate (2023: 35% rate), in United Kingdom - at 25% rate (2023: 25% rate), in Latvia - at 20% rate (2023: 20% rate) only on dividend distribution, in Germany - at 35% rate (2023: 30% rate), in Iceland - at 21% rate (2023: 21% rate), in Estonia - at 20% rate (2023: 20% rate) only on dividend distribution, in United Arab Emirates - at 9% rates (2023: 9%-0% rates), in Sweden - at 20.6% rate (2023: 20.6% rate), in Slovakia - at 24% rate (2023: 21% rate), in Denmark - at 22% rate (2023: 22% rate), in Indonesia - at 22% rate (2023: 22% rate), in Norway - at 22% rate (2023: 22% rate), in Finland - at 20% rate (2023: 20% rate).

Deferred income tax asset is recognized from accumulated taxable losses, generated by Group entities, to the extent that it will be realized by the Group entities generating taxable profits up to 3 to 5 years or by way of accumulated taxable loss transfer or sale. Deferred income tax asset which was not recognized from accumulated taxable losses amounted to EUR 12 482 thousand as at 31 December 2024 (2023: EUR 5 696 thousand) and the related taxable losses could be used indefinitely.

(All tabular amounts are in EUR '000)

31. Financial instruments by category

	2024	2023
Category – financial assets measured at amortised costs		
Trade receivables (Note 21)	155 652	148 936
Cash and cash equivalents (Note 23)	184 701	200 553
Trade receivables from related parties (Notes 21 and 34)	1 167	695
Other receivables (Note 21)	26 076	39 484
Loans granted to related parties (Notes 21 and 34)	26 800	26 501
Other receivables from related parties (Notes 21 and 34)	9 406	9 076
Loans granted (Note 21)	9 888	11 770
Bank deposits	3 978	3 809
	417 668	**440 824**
Category – financial assets measured at FVOCI		
Derivative financial instruments	**6 023**	**2 774**
Category – financial assets measured at FVTPL		
Securities held for trading (level 1)	26	1 660
	26	**1 660**
Category – financial liabilities measured at amortised cost		
Trade payables (Note 28)	210 012	134 996
Accrued expenses (Note 28)	98 442	83 129
Accrued expenses from related parties (Note 28)	189	178
Lease liabilities (Note 27)	1 342 710	1 006 107
Bonds issued (Note 27)	285 525	162 767
Bank borrowings (Note 27)	52 284	32 902
Other payables (Note 28)	3 956	4 601
Trade payables to related parties (Notes 28 and 34)	478	775
Other payables to related parties (Notes 28 and 34)	174	2
Other borrowings (Note 27)	18 890	19 065
Dividends payable (Note 28)	417	800
	2 013 077	**1 445 322**
Category – financial liabilities measured at FVOCI		
Derivative financial instruments	**-**	**1 464**
Category – financial liabilities measured at FVTPL		
Derivative financial instruments	-	141
Convertible preferred shares (Note 37)	-	352 576
	-	**352 717**

32. Leases

Group as a lessee

The future aggregate minimum lease payments until maturity date for which the Group has applied the exemption as at 31 December 2024 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	10 188	3 386	-	-
Low value leases	1 902	1 263	1 271	36
Total	**12 090**	**4 649**	**1 271**	**36**

Variable lease payments during 2024 amounted to EUR 257 088 thousand. The increase compared to prior year is related to new aircraft leases signed or existing contracts modified to 'power by hours' terms, which are variable in nature and do not fall in scope of IFRS 16.

The Group had total cash outflows for leases of EUR 511 161 thousand in 2024.

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

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

Variable lease payments during 2023 amounted to EUR 179 710 thousand.

The Group had total cash outflows for leases of EUR 308 841 thousand in 2023.

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

Group as a lessor

The Group has entered into operating leases on its investment properties consisting of certain office and residential buildings (Note 16). These leases have terms of between 1 and 8 years.

Future undiscounted lease payments to be received under operating leases as at 31 December are, as follows:

	2024	2023
Within one year	5 940	2 089
Between 1 and 2 years	4 263	1 452
Between 2 and 3 years	3 958	1 206
Between 3 and 4 years	3 958	1 034
Between 4 and 5 years	3 990	929
More than 5 years	1 809	2 367
	23 918	**9 077**

(All tabular amounts are in EUR '000)

33. Business combinations and disposals

Acquisitions in 2024

During March 2024, the Group acquired 100% of the shares of SKYTRANS PTY LTD. Skytrans is an Australian-based passenger airline. It operates a fleet of 13 regional aircraft, specializing in regular public transport (RPT), charter services, and ACMI operations across the Asia Pacific region.

During July 2024, the Group acquired 100% of the shares of Gulfstream Oil SIA. It is based in Riga, Latvia. Gulfstream Oil specializes in aircraft fuelling services within the aviation industry. It provides aviation fuel, specifically Jet A-1 and Avgas 100LL, and manages fuel deliveries at Riga International Airport. Gulfstream Oil primarily serves the aviation sector, including commercial airlines and private aircraft operators.

During December 2024, the Group acquired 100% of the shares of of SIA „GI Terminals". The terminal is part of the Liepaja Special Economic Zone (LSEZ), with LSEZ status since 2010, in the ice-free port of Liepaja, Latvia. It provides mineral oil, petroleum products and petrochemicals storage and transshipment. Products are initially accumulated in terminal shore tanks, from which they are loaded into vessels, rail tank cars, tanker trucks, flexi-tanks and isotanks. The main activities of SIA „GI Terminals" are unloading of petroleum and petrochemical products from tankers into railway cars and vice versa; transshipment of mineral oil, petroleum products and petrochemicals from railway cars to tankers; temporary storage (accumulation) of mineral oil, petroleum products and petrochemicals; provision of flexi-tanks loading.

The following table summarises details of purchase considerations paid, and the amounts of the assets acquired and liabilities assumed recognised at the acquisition date, as well as the fair value at the acquisition date of non-controlling interest during 2024:

Acquisitions	Skytrans PTY LTD	SIA „GI Terminals"	SIA "Gulfstream Oil"
Property, plant and equipment	11 002	7 493	3 988
Intangible assets	2 410	-	570
Trade and other receivables	2 363	1 363	1 757
Inventories	2 558	-	270
Cash and cash equivalents	1 040	104	1 050
Borrowings and lease liabilities	(12 047)	-	(604)
Trade and other payables	(5 660)	(1 291)	(1 183)
Deferred income tax liability	(928)	(120)	(442)
Total identifiable net assets	**738**	**7 549**	**5 406**
Purchase consideration	3 891	4 300	5 417
Non-controlling interests	-	3 699	-
Goodwill	**3 153**	**450**	**11**
Purchase consideration paid in cash	3 891	4 300	5 417
Cash and cash equivalents acquired	(1 040)	(104)	(1 050)
Purchase of subsidiaries (net of cash and cash equivalents acquired)	**2 851**	**4 196**	**4 367**

In 2024, a purchase price correction payment regarding the acquisition of AirExplore s.r.o. amounted to EUR 469 thousand.

The Group elected to measure the non-controlling interest in the acquiree at the proportionate share of its interest in the acquiree's identifiable net assets.

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

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

Acquisitions	Skytrans PTY LTD	SIA „GI Terminals"	SIA "Gulfstream Oil"
Contribution since acquisition date			
Revenue	34 329	-	16 706
Net profit (loss)	(3 427)	-	414
Contribution pro-forma consolidated			
Pro-forma revenue	**40 380**	**909**	**43 672**
Net profit (loss)	**(4 616)**	**(36)**	**986**

The Group has not disposed any entities during 2024.

During the period, the Group revised the purchase price allocation for the acquisition of AirExplore s.r.o (acquired in May 2023). Based on additional information obtained regarding conditions existing as of the acquisition date, the fair values of the acquired net assets have been adjusted as follows.

	Adjusted 31 December 2023	Adjustment	Reported 31 December 2023
Intangible assets	139 622	2 638	136 984
Other non-current assets	1 608 166	-	1 608 166
Non-current assets	**1 747 788**	**2 638**	**1 745 150**
Inventories	125 745	(510)	126 255
Other current assets	570 942	-	570 942
Current assets	**696 687**	**(510)**	**697 197**
Total assets	**2 444 475**	**2 128**	**2 442 347**
Total equity	**347 881**	**-**	**347 881**
Deferred income tax liabilities	17 161	(702)	17 863
Other non-current liabilities	1 195 347	-	1 195 347
Non-current liabilities	**1 212 508**	**(702)**	**1 213 210**
Provisions	38 944	2 830	36 114
Other current liabilities	845 142	-	845 142
Current liabilities	**884 086**	**2 830**	**881 256**
Total liabilities	**2 096 594**	**2 128**	**2 094 466**
Total equity and liabilities	**2 444 475**	**2 128**	**2 442 347**

(All tabular amounts are in EUR '000)

34. Related party transactions

Related parties of the Group include entities having significant influence over the Group, parent, key management personnel of the Group and other related parties which are controlled by the ultimate beneficial owner or close members of that person's family. Entities having significant influence over the Group are Vertas Management UAB, Certares Compass S.à r.l. and Vertas Aircraft Leasing Limited. The parent entity is Ziemelis Holding FZ-LLC. Transactions with these related parties 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:

	2024	2023
Sales of services:		
Ultimate beneficial owner	105	151
Entities having significant influence	12	18
Other related parties	785	437
	902	**606**
Sales of assets:		
Other related parties	130	392
	130	**392**
Total sales of assets and services	**1 032**	**998**
Purchases of assets		
Other related parties	77	1 274
	77	**1 274**
Purchases of services		
Entities having significant influence	37	80
Other related parties*	2 613	1 378
	2 650	**1 458**
Total purchases of assets and services	**2 727**	**2 732**
Other income and other gains	**784**	**842**
Finance and other costs	**208**	**258**

*Other related parties caption contains purchase of services from joint venture BSTS & Storm Aviation Limited amounting to EUR 789 thousand (2023: EUR 519 thousand) related to consultation services and employee rent.

In 2024, the amount of purchases of premises lease from related parties was EUR 560 thousand (2023: EUR 570 thousand).

	2024	2023
Trade and other receivables from related parties		
Trade receivables from ultimate beneficial owner	222	18
Trade receivables from entities having significant influence	103	77
Trade receivables from other related parties	851	605
Impairment of trade receivables from other related parties	(9)	(5)
Trade receivables from related parties – net (Note 21)	**1 167**	**695**
Security deposit to related parties (Note 21)	**14**	**11**
Other receivables from parent	2 834	2 677
Other receivables from entities having significant influence	3 487	2 882
Other receivables from other related parties	3 466	3 983
Discounting of other receivables from other related parties	(117)	(204)
Impairment of other receivables from other related parties	(264)	(262)
Other receivables from related parties – net (Note 21)	**9 406**	**9 076**
Prepayments to other related parties (Note 21)	**18**	**399**
Amount due from customers for contract work from other related parties (Note 21)	-	5
	10 605	**10 186**
Trade and other payables to related parties		
Trade payables to entities having significant influence	7	6
Trade payables to other related parties	316	730
Trade payables to parent	41	39
Trade payables to ultimate beneficial owner	114	-
Trade payables to related parties (Note 28)	**478**	**775**
Accrued expenses to related parties**	**41**	**178**
Lease liabilities	**4 043**	**5 243**
Advances received from other related parties*	**7 732**	**7 259**
Advances received from ultimate beneficial owner	**-**	**15**
Other payables to other related parties	102	-
Other payables to ultimate beneficial owner	72	2
Other payables to related parties (Note 28)	**174**	**2**
Dividends payable to other related parties	**83**	**231**
Security deposits received from other related parties	**8**	**-**
	12 559	**13 703**

*Advances received from related parties include advance received from joint venture AviaAM Financial Leasing China Co., Ltd amounting to EUR 7 700 thousand (2023: EUR 7 240 thousand) based on LOI for search of aircraft, equal to USD 8 000 thousand in 2024 and 2023.

**Total amount consists of balance with joint venture BSTS & Storm Aviation Limited which is related to consultation services and employee rent.

(All tabular amounts are in EUR '000)

34. Related party transactions (continued)

Gross loans granted to related parties	2024	2023
Beginning of the period	**31 762**	**31 069**
Loans granted to parent	992	-
Currency translation differences	378	(685)
Loan repayments received from other related parties, including set-offs	(427)	(2 700)
Recovered part of investment	-	2 702
Interest charged to other related parties	1 299	1 376
Interest paid	(170)	-
End of the period	**33 834**	**31 762**
Less non-current portion	(31 523)	(30 324)
Current portion (including accrued interest)	**2 311**	**1 438**

Gross loans granted to related parties	2024	2023
Loans granted to parent	9 925	9 678
Loans granted to entities having significant influence	10 434	10 632
Loans granted to other related parties	7 264	6 424
Accrued interest*	6 211	5 028
End of period:	**33 834**	**31 762**

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

The loans granted in direct relation with connected entities to the ultimate beneficial owner as of 31 December 2024 amounted to EUR 26 470 thousand (2023: EUR 26 171 thousand).

The other receivables (including accrued interest) in direct relation with connected entities to the ultimate beneficial owner as of 31 December 2024 amounted to EUR 8 281 thousand (2023: EUR 6 978 thousand).

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

Leases liabilities from related parties relate to leased hangar and premises by the Group with contractual maturities up to 4 years.

Outstanding balances at the year-end are unsecured with interest varying from 0 to 9.5% and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 December 2024, the Group recognised reversal of provision for ECL of EUR 43 thousand relating to amounts owed by related parties (2023: reversal of EUR 562 thousand).

The maturities of loans granted to related parties vary within 1-5 years.

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

In September 2023, the Group issued a call option to related party Basketball Holding Company AB for acquisition of shares of subsidiary Star Dome UAB. The call option price is EUR 21m, term is 4 years from 01 January 2024 and interest rate is 7%, compounded quarterly.

35. Remuneration of the Group's key management

Key management includes general directors of the Company and key subsidiaries, chief financial Officer of the Company, and members of the Board of Directors. Transactions with Group's key management are as follows:

	2024	2023
Salaries	2 600	2 223
Social insurance expenses	181	130
Bonuses	706	498
Other benefits	5	71
	3 492	**2 922**
Receivables from key management at the end of year	745	1 773
Number of key management personnel during the year	12	12

As of 31 December 2024, the Group had signed put option agreements with 9 employees (2023: 23), granting them the right to sell back acquired shares of the Company between 2019 and 2030. These agreements, signed with employees involved in Group's management, include service conditions and a four-year lock-up period restricting share sales to third parties. Management of the Group has evaluated these option agreements and determined the benefit received by the managers to be EUR 3 148 thousand (2023: EUR 6 788 thousand), which is amortized over a vesting period of 8 to 12 years in equal parts. Several agreements were terminated in 2024. No expense related to these agreements was recognized in the consolidated statement of profit or loss for 2024 (2023: EUR 1 134 thousand).

Directors of the Group

	2024	2023
Total emoluments for services	1 468	826

	31 December 2024	31 December 2023
Receivables		
Jonas Janukenas	-	185
Zilvinas Lapinskas	54	128
Pascal Jean Alexandre Picano	181	180
Total receivables from Directors	**235**	**493**
Loans granted		
Zilvinas Lapinskas (interest 4-5%)	77	413
Total loans granted to Directors	**77**	**413**

(All tabular amounts are in EUR '000)

36. Derivatives

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

	2024	2023
Non-current assets		
Foreign currency interest rate swap - cash flow hedges	6 023	2 774
Current liabilities		
Foreign currency interest rate swap - cash flow hedges	-	141
Non-current liabilities		
Foreign currency interest rate swap - cash flow hedges	-	1 464

Hedging reserves

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

	Foreign currency interest rate swap
Opening balance 01 January 2023	**3 874**
Change in cash flow reserve of hedging instrument recognised in OCI	(167)
Deferred tax	(223)
Closing balance 31 December 2023	**3 484**
Opening balance 01 January 2024	**3 484**
Change in cash flow reserve of hedging instrument recognised in OCI	(4 777)
Deferred tax	1 230
Closing balance 31 December 2024	**(63)**

Effects of hedge accounting on financial position and performance

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

	2024	2023
Foreign currency interest rate swap		
Carrying amount (non-current asset)	6 023	2 774
Carrying amount (non-current liability)	-	(1 464)
Notional amount	165 624	110 150
Maturity date	May 2028	May 2024 – November 2024
Hedge ratio	1:1	1:1
Change in fair value of outstanding hedging instruments since -01 January	10 020	(3 841)
Change in value of hedged item used to determine hedge effectiveness	(10 020)	3 841

37. Convertible preferred shares

On 15 December 2021 the Group issued non-voting convertible preferred shares amounting to EUR 300 million. The key terms of the convertible preferred shares are:

- Dividend rights. Preferred shares are with a fixed dividend of 8% per annum, which is accrued (i.e., not payable in cash). After the fourth year, the dividend rate will increase by 1% per year;
- Conversion feature and liquidation preferences. Upon a qualified liquidity event, the convertible preferred shares are mandatorily converted into a variable number of ordinary shares. The variable number of shares depends on the outcome of share price at liquidity event date;
- Redemption option. The Group may redeem the preferred shares (including accrued dividends) after 1 year based on trailing 12 months EBITDA, however the preferred shares investor at their sole discretion would be able to convert into 20% of Group's common equity.

Based on IFRS accounting requirements they are classified as a financial liability, since the preferred shares do not pass the "fixed-for-fixed" test (i.e., instrument to be settled by the issuer delivering a fixed number of its own equity instruments in exchange for a fixed amount of cash) and therefore do not meet the definition of equity instrument. The preferred shares are a senior security to all existing common equity of the Company but junior to the Group existing debt and senior bonds.

The preferred shares include embedded conversion options and the Group irrevocably designated the entire instrument to be measured at FVTPL, except for change in fair value due to change in own credit risk, which is accounted in OCI. In general, the fair value measurement is within level 3 of the fair value hierarchy due to unobservable inputs.

The movement of the convertible preferred shares is set out in Note 27.

As at 31 December 2023, the fair value of the preferred shares was estimated using the option pricing model. The unobservable inputs will include price of own equity, time up to liquidity event, risk-free rate, standard deviation of comparable equity instruments and discount for lack of control. The key assumptions used in the valuation model were the following:

	2024	2023	
Risk free rate	-	3.3%	The Group estimated the risk-free interest rate based on the yield of Euro Area and US Government Bonds with maturity life close to the timing as of valuation date. The higher the value, the lower the fair value of the instrument.
Volatility	-	30.7%	Volatility was estimated based on annualized standard deviation of daily stock price return of comparable companies for a period from the respective valuation date and with similar span as time to expiration. The higher the value, the higher the fair value of the instrument.
Discount for lack of control	-	5.0%	Decrease in the allocated value of own equity as a result of a shareholder's inability to exercise control over the company. The higher the value, the lower the fair value of the instrument.

(All tabular amounts are in EUR '000)

37. Convertible preferred shares (continued)

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

	2024	2023	
Discount rate	-	9.3%	Discount rate (post-tax) was estimated by weighted average cost of capital as of each valuation date. The higher the value, the lower the fair value of the own equity.
Average EBITDA margin	-	18.6%	Based on 5-year business plan projections. The higher the value, the higher the fair value of the own equity.
Discount for lack of marketability	-	17.5%	Discount deducted from the value of own equity to reflect the relative absence of marketability. The higher the value, the lower the fair value of the own equity.
Terminal growth rate	-	2.0%	This is the weighted average growth rate used to extrapolate cash flows beyond the business plan period. The higher the value, the higher the fair value of the own equity.

The fair value of preferred shares on the valuation date was estimated by considering not only the assumptions mentioned earlier but also the estimates of future performance, capital expenditures, net working capital, and lease repayments, which were based on the management's business plan and industry expertise.

During March 2024, the Group entered into a conversion and undertaking agreement with Certares Compass S.à r.l regarding the conversion of the preferred shares held in the Company into ordinary shares, constituting 20% ownership in the Company. As of 22 April 2024, the convertible preferred shares held by Certares Compass S.à r.l. (except for one, being the retained preferred share) have been effectively converted into ordinary shares.

38. Events after the reporting date

In January 2025, one of the Group's ACMI subsidiaries made a strategic decision to terminate 14 long-term cargo aircraft lease agreements with lessors and initiate the redelivery process. This decision is expected to result in various financial impacts, including but not limited to potential early termination penalties, write-offs of leasehold improvements, security deposit set-off, legal expenses, and redelivery costs. The ultimate financial impact remains uncertain and will depend on the terms of ongoing negotiations and actual redelivery conditions.

To the extent that lease contracts are terminated, the Group expects to derecognise the related right-of-use assets (EUR 130.4 million), leasehold receivables (EUR 9.7 million) and lease liabilities (EUR 180.2 million) in accordance with IFRS 16. This will result in a partial reversal of previously recognised lease-related balances, which is expected to have a net positive impact on profit or loss.

As of the date of approval of these financial statements, the Group estimates that total potential costs may amount to approximately EUR 28.9 million, while the reversal of IFRS 16 balances may result in a positive impact of approximately EUR 40.1 million. These estimates are preliminary and subject to change.

Chief Executive Officer
Jonas Janukenas

Director
Zilvinas Lapinskas

(All tabular amounts are in EUR '000)

COMPANY BALANCE SHEET

BALANCE SHEET	Notes	As at 31 December 2024	2023
ASSETS			
Property, plant and equipment		13 631	5 560
Intangible assets		1 286	812
Investments in subsidiaries and joint ventures	4	656 922	641 044
Deferred income tax assets		119	71
Trade and other receivables	5	461	3 223
Non-current assets		**672 419**	**650 710**
Inventories		9	9
Trade and other receivables	5	76 799	66 763
Contract assets		4 057	234
Prepaid income tax		1	1
Cash and cash equivalents		8 107	18 678
Current assets		**88 973**	**85 685**
Total assets		**761 392**	**736 395**
EQUITY			
Share capital	9	28 194	22 556
Share premium	9	10 000	10 000
Retained earnings from previous reporting periods		618 735	284 414
Retained earnings from current reporting period		77 131	39 959
Total equity		**734 059**	**356 929**
LIABILITIES			
Borrowings	6	3 886	4 205
Trade and other payables		-	601
Convertible preferred shares	8	-	352 576
Non-current liabilities		**3 886**	**357 382**
Borrowings	6	11 466	9 818
Trade and other payables	7	11 280	11 598
Contract liabilities		56	23
Current income tax liabilities		645	645
Current liabilities		**23 447**	**22 084**
Total liabilities		**27 333**	**379 466**
Total equity and liabilities		**761 392**	**736 395**

The profit recorded in the financial statements of the Company for the year ended 31 December 2024 was EUR 77 131 thousand (2023: EUR 39 959 thousand). As permitted by Section 304 of the Companies Act 2014, the statement of profit or loss of the Company has not been separately presented in the financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Merger reserve (Note 11)	Retained earnings	Total equity
Balance at 01January 2023	**25**	**-**	**-**	**-**	**25**
Merger accounting (Note 9)	22 556	1 177 444	(859 193)	-	**340 807**
Capital reduction	(25)	(1 167 444)	-	1 167 469	**-**
Reclassification of merger reserve	-	-	859 193	(859 193)	**-**
Share based payments charge	-	-	-	1 134	**1 134**
Dividends paid	-	-	-	(24 996)	**(24 996)**
Profit for the year	-	-	-	39 959	**39 959**
Balance at 31 December 2023	**22 556**	**10 000**	**-**	**324 373**	**356 929**
Conversion of preferred shares	5 638	-	-	294 362	**300 000**
Profit for the year	-	-	-	77 131	**77 131**
Balance at 31 December 2024	**28 194**	**10 000**	**-**	**695 866**	**734 060**

The Financial Statements of the Company have been approved and signed on 24 April 2025:

Chief Executive Officer
Jonas Janukenas

Director
Zilvinas Lapinskas

(All tabular amounts are in EUR '000)

NOTES TO THE COMPANY FINANCIAL STATEMENTS

1. Basis for preparation

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

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

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

- Convertible preferred shares

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

2. Material accounting policies

Investments in subsidiaries and joint ventures

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

Impairment of non-financial assets

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

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

Dividend income

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

Other remaining financial statements items follow the accounting policies disclosed in the consolidated financial statements.

3. Statutory and other information

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

	2024	2023
Depreciation and amortisation	(1 306)	(1 018)
Cost of purchased services	(3 753)	(714)
Employee related expenses	(10 387)	(6 912)
Out of which salary and wage expenses	*(10 171)*	*(6 777)*
Out of which social security expenses	*(216)*	*(135)*
Consulting expenses*	(6 334)	(3 597)
Provision for impairment of subsidiaries	(3 061)	-
Provision for impairment of financial assets	(1 170)	(3 687)
Interest expense on borrowings	(875)	(718)
Gain/(Loss) from fair value change of convertible preferred shares (Note 7)	52 576	(22 638)
Income tax credit/(expense)	48	(1 706)
Foreign exchange gain/(loss) on financing activities	1 105	(2 293)

* Under consulting expenses, fees charged by the Company's statutory auditors for the year ended 31 December 2024 amounted to EUR 319 thousand (2023: EUR 120 thousand).

The average number of persons employed by the Company during the year was 159 (2023: 155).

4. Investments in subsidiaries and joint ventures

	2024	2023
Opening balance	**641 044**	**-**
Merger accounting impact (Note 9)	-	501 032
Purchase of interest in subsidiaries	8 659	8 065
Establishment of subsidiaries	105	1 239
Sale of investments	-	(850)
Impairment of investments	(3 061)	-
Share capital increase of subsidiaries	10 175	130 425
Option agreements	-	1 133
Closing balance	**656 922**	**641 044**

During March 2024, the Company acquired 100% of the shares of SKYTRANS PTY LTD.

During December 2024, the Company acquired 100% of the shares of of SIA „GI Terminals".

(All tabular amounts are in EUR '000)

4. Investments in subsidiaries and joint ventures (continued)

During the year, the Company has contributed to the share capital of ASG Finance DAC (EUR 5 195 thousand), Air Explore S.R.O. (EUR 3 560 thousand) and JetMS Holdings Ltd. (EUR 1 420 thousand).

During the year 2024, the Company has recognized impairment losses on investments in Helisota UAB (EUR 1 601 thousand), BBN Cargo Airlines Holdings UAB (EUR 1 200 thousand), Panevezio Arena UAB (EUR 160 thousand) and Skyllence UAB (EUR 100 thousand). The entities have ceased operations and reported negative equity balances, the impairment was recognized to reflect the diminished recoverable amounts of the investments.

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

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

5. Trade and other receivables

	2024	2023
Trade receivables	18	62
Less: provision for impairment of trade receivables	(4)	(9)
Trade receivables – net	**14**	**53**
Prepayments	**30**	**22**
Other receivables	28	220
Discounting of other receivables	-	(7)
Less: provision for impairment of other receivables	-	(1)
Other receivables – net	**28**	**212**
Trade receivables from related parties	9 360	7 597
Less: provision for impairment of trade receivables from related parties	(1 799)	(1 148)
Trade receivables from related parties – net (Note 10)	**7 561**	**6 449**
Loans granted to related parties	39 390	45 841
Less: provision for impairment of loans granted to related parties	(5 625)	(5 464)
Loans granted to related parties – net (Note 10)	**33 765**	**40 377**
Other receivables from related parties	40 681	27 680
Less: provision for impairment of other receivables from related parties	(7 015)	(5 975)
Other receivables from related parties – net (Note 10)	**33 666**	**21 705**
VAT receivables	**1 060**	**435**
Deferred charges	**545**	**229**
Security deposit – net	**210**	**210**
Security deposits to related parties – net (Note 10)	**82**	**82**
Prepayments to related parties (Note 10)	**299**	**212**
Total trade and other receivables	**77 260**	**69 986**
Less non-current portion	(461)	(3 223)
Current portion	**76 799**	**66 763**

6. Borrowings

	2024	2023
Non-current		
Lease liabilities	2 242	2 385
Lease liabilities to related parties (Note 10)	1 644	1 820
	3 886	**4 205**
Current		
Lease liabilities	196	177
Lease liabilities to related parties (Note 10)	205	186
Borrowings from related parties (Note 10)	11 065	9 455
	11 466	**9 818**
Total borrowings	**15 352**	**14 023**

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

	2024	2023
Less than 1 year	11 466	9 818
Between 1 and 5 years	2 004	1 831
Over 5 years	1 882	2 374
	15 352	**14 023**

7. Trade and other payables

	2024	2023
Trade payables	835	878
Accrued expenses	441	643
Salaries and social security payable	1 434	1 248
Provisions	601	601
Amounts payable to related parties (Note 10)	487	327
Dividends payable	329	563
Dividends payable to related parties (Note 10)	83	231
VAT payable	-	11
Pension reserve accrual	1	1
Other payables to related parties (Note 10)	7 067	7 694
Other payables	2	2
Total trade and other payables	**11 280**	**12 199**
Less: non-current portion	-	(601)
Current portion	**11 280**	**11 598**

(All tabular amounts are in EUR ‘000)

8. Convertible preferred shares

On 15 December 2021, the Group issued non-voting convertible preferred shares amounting to EUR 300 million. Based on IFRS accounting requirements they are classified as a financial liability, since the preferred shares do not pass the “fixed-for-fixed” test (i.e., instrument to be settled by the issuer delivering a fixed number of its own equity instruments in exchange for a fixed amount of cash) and therefore do not meet the definition of equity instrument. The preferred shares are a senior security to all existing common equity of the Company but junior to the Group existing debt and senior bonds. For more details, refer to Note 37 disclosed in the Group’s consolidated financial statements.

9. Share capital and Share premium

During March 2024, the Company entered into a Conversion and Undertaking agreement with Certares Compass S.à.r.l regarding the conversion of the preferred shares held in the Company into ordinary shares, constituting 20% ownership in the company. As of 22 April 2024, the convertible preferred shares held by Certares Compass S.à.r.l. (except for one, being the retained preferred share) have been effectively converted into ordinary shares.

As at 31 December 2024, the holding company Avia Solutions Group (ASG) PLC share capital of the company amounted to EUR 28 194 444 and consisted of 97 222 220 ordinary registered shares with a nominal value of 0.29 Euro each (as at 31 December 2023: EUR 22 555 555 and consisted of 77 777 777 ordinary registered shares with a nominal value of 0.29 Euro each). All shares were fully paid up and authorised share capital is the same as issued and paid-up share capital. On 31 December 2024 and 31 December 2023, the share premium of the Company amounted to EUR 10 000 thousand.

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

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

As at 31 December 2024 the Group had no outstanding treasury shares (no such as at 31 December 2023) which are deducted from the equity attributable to the Group‘s equity holders.

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

10. Related party transactions

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

	2024	2023
Sales of services to:		
Avia Solutions Group (ASG) PLC subsidiaries	14 502	6 030
Entities having significant influence	12	14
Other related parties	62	63
	14 576	**6 107**
Sales of assets:		
Avia Solutions Group (ASG) PLC subsidiaries	6	51
	6	**51**
Total sales of assets and services	**14 582**	**6 158**
Purchases of assets from:		
Other related parties	3	74
Avia Solutions Group (ASG) PLC subsidiaries	-	25
	3	**99**
Purchases of services from:		
Avia Solutions Group (ASG) PLC subsidiaries	1 632	905
Other related parties	37	13
	1 669	**918**
Total purchases of assets and services	**1 672**	**1 017**
Other income		
Avia Solutions Group (ASG) PLC subsidiaries	4 486	3 078
Other related parties	16	13
	4 502	**3 091**
Dividend income	**38 364**	**73 419**
Finance and other costs		
Avia Solutions Group (ASG) PLC subsidiaries	970	769
Other related parties	-	(9)
	970	**760**

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

Outstanding balances at the year-end are unsecured with interest varying from 0 to 9.5% and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 December 2024, the Company recognised a provision for ECL of 1 171 thousand relating to amounts owed by related parties (2023: 3 891 thousand). Loans granted to related parties mainly relate to financing operations or investment activities of subsidiaries, the maturities vary within 1 to 3 years.

Loans received from related parties maturities vary within 1 to 4.5 years.

Other income relates to accrued interest from loans granted.

Finance costs relates to interest expenses on borrowings received.

(All tabular amounts are in EUR '000)

10. Related party transactions (continued)

	2024	2023
Trade receivables from		
Avia Solutions Group (ASG) PLC subsidiaries	9 074	7 374
Entities having significant influence	96	77
Other related parties	190	146
Impairment	(1 799)	(1 148)
	7 561	**6 449**
Loans granted to		
Avia Solutions Group (ASG) PLC subsidiaries	39 390	45 841
Impairment	(5 625)	(5 464)
	33 765	**40 377**
Other financial receivables from		
Parent	2 153	2 153
Avia Solutions Group (ASG) PLC subsidiaries	38 492	25 155
Other related parties	36	372
Impairment	(7 015)	(5 975)
	33 666	**21 705**
Prepayments to		
Avia Solutions Group (ASG) PLC subsidiaries	299	212
	299	**212**
Contract assets from		
Avia Solutions Group (ASG) PLC subsidiaries	4 073	209
Entities having significant influence	-	5
Impairment	(20)	(33)
	4 053	**181**
Security deposits paid to		
Avia Solutions Group (ASG) PLC subsidiaries	82	82
	82	**82**
Borrowings from		
Avia Solutions Group (ASG) PLC subsidiaries	11 065	9 455
	11 065	**9 455**
Lease liabilities to		
Avia Solutions Group (ASG) PLC subsidiaries	1 849	2 006
	1 849	**2 006**
Other financial payables to		
Avia Solutions Group (ASG) PLC subsidiaries	7 067	7 694
Other related parties	83	231
	7 150	**7 925**
Trade payables to		
Parent	17	17
Avia Solutions Group (ASG) PLC subsidiaries	470	310
	487	**327**
Contract liabilities		
Avia Solutions Group (ASG) PLC subsidiaries	56	23
	56	**23**

Remuneration of the Company's key management

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

	2024	2023
Salaries	827	703
Social insurance expenses	38	31
	865	**734**
Receivables from key management at the end of year	**-**	**122**
The number of key management at the end of year	**7**	**7**

Remuneration of the Company's Directors

	2024	2023
Total emoluments for services	579	252

	31 December 2024	31 December 2023
Receivables		
Jonas Janukenas	-	122
Total receivables from Directors	**-**	**122**

(All tabular amounts are in EUR '000)

11. Merger accounting

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

Day 1 Merger Company balance sheet	**1 March 2023 (Cyprus Co.) pre-merger**	**1 March 2023 (Irish Co.) pre-merger**	**Merger accounting impact**	**Capital reduction in relation to merger**	**1 March 2023 (Irish Co.) after merger**
ASSETS					
Property, plant and equipment	6 466	-	-	-	6 466
Intangible assets	683	-	-	-	683
Deferred income tax assets	1 132	-	-	-	1 132
Investment in subsidiaries	501 057	-	-	-	501 057
Non-current trade and other receivables	41 710	-	-	-	41 710
Non-current assets	**551 048**	**-**	**-**	**-**	**551 048**
Inventories	6	-	-	-	6
Trade and other receivables	21 769	25	-	-	21 794
Contract assets	162	-	-	-	162
Prepaid income tax	1	-	-	-	1
Cash and cash equivalents	123 076	-	-	-	123 076
Current assets	**145 014**	**25**	**-**	**-**	**145 039**
Total assets	**696 062**	**25**	**-**	**-**	**696 087**
EQUITY					
Share capital	22 556	25	-	(25)	22 556
Share premium	282 158	-	895 286	-	1 177 444
Merger reserves	-	-	(859 193)	-	(859 193)
Other reserves	860	-	(860)	-	-
Retained earnings	35 233	-	(35 233)	25	25
Total equity	**340 807**	**25**	**-**	**-**	**340 832**
LIABILITIES					
Non-current borrowings	14 938	-	-	-	14 938
Convertible preferred shares	329 938	-	-	-	329 938
Non-current liabilities	**344 876**	**-**	**-**	**-**	**344 876**
Borrowings	525	-	-	-	525
Trade and other payables	9 648	-	-	-	9 648
Contract liabilities	206	-	-	-	206
Current liabilities	**10 379**	**-**	**-**	**-**	**10 379**
Total liabilities	**355 255**	**-**	**-**	**-**	**355 255**
Total equity and liabilities	**696 062**	**25**	**-**	**-**	**696 087**

(All tabular amounts are in EUR '000)

12. Principal operating subsidiaries

The list of the Company's direct holdings into subsidiaries and joint ventures are provided below:

Name, Country of establishment	Ownership% 2024	Ownership% 2023	Nature of the business
AviaAM Leasing Service Centre AB, Republic of Lithuania	98.84	98.84	Aviation Logistics and Distribution Services
ASG Finance Designated Activity Company, Republic of Ireland	100	100	Financing activities
Smart Aviation Holding SIA, Republic of Latvia	100	100	Aviation Logistics and Distribution Services
Chapman Freeborn Holdings Limited, United Kingdom	95.41	95.41	Aviation Logistics and Distribution Services
Eyjafjoll SAS, France	49	49	Aviation Logistics and Distribution Services
Star Dome UAB (Twinsbet Arena) (previously: Avia Solutions Group Arena UAB)	99.99	99.99	Arena rent services
KlasJet UAB, Republic of Lithuania	100	100	Aviation Logistics and Distribution Services
Loop Holding UAB, Republic of Lithuania	100	100	Real estate management services
Aviator Airport Alliance AB, Kingdom of Sweden	100	100	Aviation Supporting Services
Helisota UAB, Republic of Lithuania	100	100	Maintenance Repair Overhaul (MRO) services for helicopters
BAA Training UAB, Republic of Lithuania	100	100	Aircraft crew training services
FL Technics UAB, Republic of Lithuania	100	100	MRO services
BBN BBN Cargo Airlines Holdings UAB, Republic of Lithuania	100	100	Aviation Logistics and Distribution Services
Digital Aero Technologies UAB, Republic of Lithuania	100	100	Holding
AI 12 DMCC	51	51	Insurance broker
AeroOpportunity Holdings Limited	100	100	Holding
Baltic Ground Services UAB, Republic of Lithuania	100	100	Aircraft ground handling and fueling services.
BAA Training China Co., Ltd	50	50	Joint venture. Aircraft crew training services
AirExplore S.R.O.	100	100	Aviation Logistics and Distribution Services
Aero City Group UAB, Republic of Lithuania	100	100	Real estate management services
Panevezio arena UAB, Republic of Lithuania	100	100	Real estate management services
JetMS Holdings Ltd.	100	100	Aviation Supporting Services
Skyllence, UAB	100	100	Aviation Logistics and Distribution Services
Air Holding Limited	97	97	Aviation Logistics and Distribution Services
Asia Pacific Leasing Co	100	100	Aviation Logistics and Distribution Services
BGS Rail Holdings UAB, Republic of Lithuania	100	100	Railway logistics
Aviation Services Fze	100	100	Aviation Supporting Services
BPC Travel UAB, Republic of Lithuania	99	99	Aviation Logistics and Distribution Services
ASG Asset Management UAB, Republic of Lithuania	100	100	Asset management services
BUSNEX UAB, Republic of Lithuania	100	100	Electronic vehicles distribution
SEVEN Live UAB, Republic of Lithuania	100	100	Entertainment services
SIA „GI Terminals", Latvia	51	-	Storage and transshipment services
SKYTRANS PTY LTD, Australia	100	-	Aviation Logistics and Distribution Services

13. Approval of financial statements

The Board of Directors approved the Company Financial Statements in respect of the year ended 31 December 2024 on 24 April 2025.