STAR Throne Midco Designated Activity Company

Directors' report and financial statements

Period from incorporation on 6 December 2018 to 31 December 2019

Registered number: 639182

STAR Throne Midco Designated Activity Company

Directors' report and consolidated financial statements

Contents *Page*

STAR Throne Midco Designated Activity Company

Directors and other information

Directors	P. Gensch (appointed 20 December 2018) P. Gough (appointed 20 December 2018) M. O'Kelly (appointed 31 December 2020)
Secretary	The Secretarial Company Limited
Registered office	Suite 3 One Earlsfort Centre Lower Hatch Street Dublin 2
Auditor	KPMG Chartered Accountants 1 Stokes Place St. Stephen's Green Dublin 2
Bankers	Bank of Ireland The Mall Malahide Co. Dublin Lloyds TSB Bank plc 43 Irongate Derby DE1 3FT United Kingdom Investec Bank Limited 100 Grayston Drive Sandown Sandton 2196 South Africa BNP Paribas Fortis NV Warandeberg 3 1KA2E 1000 Brussel Belgium
Solicitors	Matheson 70 Sir John Rogerson's Quay Dublin 2 Eversheds Sutherland One Earlsfort Centre Earlsfort Terrace Dublin 2
Registered number	639182

STAR Throne Midco Designated Activity Company

Directors' report

The directors present their Report and audited Financial Statements for the period from incorporation on 6 December 2018 to 31 December 2019.

The Company is a subsidiary of STAR Throne Luxembourg Sarl, a company registered in Luxembourg. The ultimate controlling party is STAR Capital Partnership LLP, a limited liability partnership registered in England and Wales which is the manager of STAR Strategic Assets III LP, STAR Strategic Assets III-A LP, STAR III Executive Co-Investment Partnership LP and STAR Throne Co-Investment LP (collectively "STAR Funds").

Principal activities, business review and future developments

STAR Throne MidCo Designated Activity Company ("STAR MidCo", "the Company" and together with its subsidiaries "the Group") was incorporated in Ireland on 6 December 2018. The principal activity of the Company is investment management.

On 4 June 2019 the Company's wholly-owned subsidiary, STAR Throne Bidco DAC, acquired 100% of the shares in ASL Aviation Holdings Designated Activity Company ("ASL"). Headquartered in Dublin, Ireland, ASL is a global aviation services provider with operations on six continents. ASL operates in excess of 130 aircraft ranging from Boeing 747 to ATR Turbo Prop offering network solutions to express freight integrators and passenger airlines. In addition, ASL operates scheduled and charter flights under its own brands.

STAR Throne Bidco DAC acquired ASL from the previous shareholders Compagnie Maritime Belge NV (51%) and 3P Air Freighters Limited (49%) for €244.4m, including €36.7m estimated consideration which is contingent on the price achievable in the event of a disposal of the subsidiary Safair Operations (Pty) Limited that would be payable to the previous shareholders. The acquisition was financed by issuing share capital with a total share premium of €25.8m and issuing loan notes of €193.9m. The loan notes were listed on The International Stock Exchange ("TISE") on 20 December 2019. The loan notes are principally subscribed for by investment funds which are managed by STAR Capital Partnership LLP.

ASL has 4 European airlines; ASL Airlines Ireland based in Dublin, ASL Airlines Belgium, based in Liege, ASL Airlines France, based in Paris-CDG and ASL Airlines Hungary, based in Budapest. ASL also has an airline, Safair, in South Africa, that operates civilian 'Hercules' aircraft on humanitarian missions in Africa, and operates FlySafair, a leading low-cost domestic passenger airline based in Johannesburg. ASL also has a joint venture cargo airline in Thailand, K-Mile Air Company Limited, and a joint venture in Belgium which provides aircraft maintenance services, X-Air Services Limited.

The principal activities of the Group during the period from acquisition were as follows:

- Provision of air cargo transport services to the integrator and postal markets
- Provision of air passenger transport services
- Aircraft leasing
- Other aviation related services

Revenue during the period was €700m. The revenue was generated in the period since acquisition of ASL.

In the immediate years preceding acquisition, ASL invested significantly in IT infrastructure and capital projects. STAR MidCo will work closely with management to ensure the benefit of these investments is realised in the Group, and will provide future opportunities to increase scale and flexibility of Group operations.

STAR MidCo plan to focus on standardisation across the ASL airlines and increasing efficiencies where identifiable within the ASL operating model.

Principal activities, business review and future developments *(continued)*

In 2020 the Group embarked on a strategic reorganisation of the European airlines called "Project Darwin". The key focus was to facilitate a more efficient use of resources across all airlines through continued cooperation, consolidation of activities and elimination of duplication. As part of this project, the Group invested significant resources and time into the Group infrastructure and aligning for future group development.

The directors are disappointed with the loss for the period since acquisition to 31 December 2019, but note earnings before interest, tax, depreciation and amortisation ("EBITDA") of €106.6m generated during the period and a cash and cash equivalents balance of €96m as at 31 December 2019.

Reconciliation of operating profit to EBITDA	**Period from incorporation to 31 December 2019 €'000**
Operating profit	**15,307**
Depreciation and amortisation	**91,321**
EBITDA	**106,628**

The directors plan to leverage the existing strengths of ASL and identify new areas for growth.

The Group focuses on efficiency both operationally and across all cost elements.

The 2020 trading performance was adversely impacted by the global pandemic relating to COVID-19. Passenger operations in 2020 were impacted by travel restrictions which continued into 2021.

The Group worked closely with customers and suppliers to minimise impacts on working capital.

Based on unaudited financial information the 2020 loss after tax is €29.6m, with EBITDA of €113.2m and cash and cash equivalents of €133.9m at year end.

The FlySafair fleet

While the fleet was grounded from March to June 2020, the business outperformed expectations in the months thereafter as the passenger market reopened. Positive discussions were held and are continuing with financial institutions regarding enhancing already existing facilities in the event of any further market pressures.

Results and dividends

The results for the period have been presented on page 16 and in the related notes. The directors do not recommend payment of a dividend.

Going concern

The directors have assessed the Group's and Company's going concern status by preparing detailed financial forecasts to 31 December 2022, with consideration of the ongoing impact of COVID-19. Having assessed the business risks (which are primarily in relation to the passenger activities), the cash flow forecasts and available bank facilities the directors do not envisage any significant risk in relation to the ability to continue in operational existence for the foreseeable future. In addition, the ultimate controlling party, STAR Capital Partnership has confirmed it will continue to provide financial support to the Company for a period of at least 12 months from the date of approval of the financial statements. The directors have therefore adopted the going concern basis of preparation in the Group and Company financial statements.

Principal risks and uncertainties

Financial risk is managed within the framework set out by the Board of Directors and includes regular assessments and risk monitoring within the Group.

Companies that own and lease aircraft are exposed to changes in the underlying fair values of the aircraft and associated lease rates. While aircraft values have been impacted in the economic cycle, the directors are satisfied that the carrying values as at 31 December 2019 are appropriate.

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Interest rate risk
- Currency risk

Credit risk

The Group has a concentration of credit risk in a relatively small number of customers in the postal and integrator markets which are its primary markets. The large majority of these customers are multinational, or state managed companies. Negative impacts of the COVID-19 pandemic subsequent to the period end on those customers have been limited.

The Group performs credit evaluations on an ongoing basis for individual counterparties. The Group also carefully considers all significant new customers before extending credit and implements controlled credit terms such as weekly payments wherever possible.

Cash is only deposited with financial institutions that have a strong credit rating.

Liquidity risk

Liquidity risk is the risk that the Group may not meet its obligations as they fall due.

The Group agreed a global refinancing deal in 2021 which will provide capital to fund aircraft acquisitions and freighter conversion programs and also underlines the Group's financial stability for the foreseeable future. It also provides the Group access to further capital to take advance of any opportunities in keeping with the Group's wider strategic goals.

The Group ensures, as far as possible, that it always has sufficient liquidity to meet its obligations when due under normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

While the coming months will remain challenging, the cash reserves maintained by the Group will provide the liquidity required for the Group to emerge from the current COVID-19 situation stronger and more agile to continue serving our customers and to take advantage of future opportunities.

The Group prepares cash forecasts and monitors liquidity levels to ensure that it maintains working capital balances to support the regular operations of the Group in the short term. The future capital requirements will be driven by the desire to continue increasing the proportion of owned aircraft within the fleet.

The directors are very careful to ensure that capital commitments are funded prior to entering into a binding commitment or that access to funding for capital commitments is reasonably assured.

Principal risks and uncertainties *(continued)*

Interest rate risk

The Group is exposed to interest rate risk through its borrowings and deposits. A proportion of the Group's borrowings have fixed interest rates and the Group also uses interest rate swaps in order to mitigate some of this risk.

Currency risk

The Group is exposed to currency risk since a number of its aircraft related activities are denominated in US Dollars which is the base currency worldwide for aircraft leasing, aircraft values and maintenance activity.

The Group is exposed to movements in South African Rand through its subsidiary Safair Operations, driven by revenue streams in Rand and to a large proportion of the cost base in US Dollars. The Group is exposed to movements in the Swiss Franc through its subsidiary ASL Airlines (Switzerland) AG.

Certain companies within the Group use derivative financial instruments to hedge exposure to exchange rates. In Group companies where derivative financial instruments are not used to hedge exposure to foreign currency, the policy followed is to manage levels of inflows and outflows in each currency to reduce the overall exposure to movements in currency translation rates.

Further disclosures in relation to these principal risks and uncertainties are given in note 29 to the financial statements.

Directors and secretary and their interests

The Company was incorporated on 6 December 2018 and Gerard Ryan was appointed director of the Company on that date. On 20 December 2018, Philipp Gensch and Paul Gough were appointed as directors of the Company and on that date Gerard Ryan resigned as a director. On 31 December 2020, Mark O'Kelly was appointed as a director of the Company.

On incorporation on 6 December 2018, The Secretarial Company Limited was appointed as company secretary.

The directors and secretary who held office at 31 December 2019 had no interests in the shares and debentures of the Company or group companies other than as shown below.

Each of Paul Gough and Philipp Gensch holds an indirect, minority interest in the shares of STAR Throne Luxembourg Sarl (which is the immediate parent entity of the Company) and in the loan notes issued by STAR Throne Midco DAC, in his capacity as a limited partner of certain co-investment and carried interest vehicles, each of which own interests in STAR Throne Co-investment LP and the STAR III Fund.

Directors' compliance statement

The directors, in accordance with Section 225(2) of the Companies Act 2014, acknowledge that they are responsible for securing the Company's compliance with certain obligations specified in that section arising from the Companies Act 2014 and tax laws ("relevant obligations"). The directors confirm that:

- a compliance policy statement has been drawn up setting out the Company's policies that are in their opinion appropriate with regard to such compliance;
- appropriate arrangements and structures have been put in place that, in their opinion, are designed to provide reasonable assurance of compliance in all material respects with those relevant obligations; and
- a review has been conducted, during the financial period, of those arrangements and structures.

STAR Throne Midco Designated Activity Company

Directors' report *(continued)*

Political donations

During the period, the Group and Company made no donations which are disclosable in accordance with the Electoral Act, 1997.

Subsequent events

Details of important events affecting the Group which have taken place since the end of the financial year are given in note 34 to the financial statements.

Accounting records

The directors believe that they have complied with the requirements of Section 281 to 285 of the Companies Act 2014 with regard to maintaining adequate accounting records by employing personnel with appropriate expertise and by providing adequate resources to the finance function. The accounting records of the Company are maintained at the offices of ASL at No 3 Malahide Road, Swords, Co. Dublin.

Audit information

The directors believe they have taken all steps necessary to make themselves aware of any relevant audit information and have established that the Group's statutory auditors are aware of that information. In so far as they are aware, there is no relevant audit information of which the Group's statutory auditors are unaware.

Audit Committee

The Group has established an Audit Committee with responsibilities for oversight of the:

- financial reporting process;
- audit process; and
- systems and internal controls.

Auditor

In accordance with Section 382 of the Companies Act 2014, KPMG, Chartered Accountants, were appointed as auditor during the period and, in accordance with Section 383(2) of the Companies Act 2014, will continue in office.

On behalf of the board

P. Gensch *Director*	Philipp Gensch	P. Gough *Director*		28 October 2021

STAR Throne Midco Designated Activity Company

Statement of directors' responsibilities in respect of the directors' report and the consolidated financial statements

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial period. Under that law they have elected to prepare the Group and Company financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and applicable law.

Under company law the directors must not approve the Group and Company 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 and of the Group's profit or loss for that period. In preparing the Group and Company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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 Group's and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or Company or to cease operations or have no realistic alternative but to do so.

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 Company and which enable them to ensure that the financial statements of the Group and Company are prepared in accordance with applicable IFRS, as adopted by the EU and comply with the provisions of the Companies Act 2014. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group 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.

On behalf of the board

P. Gensch *Philipp Gensch*
Director

P. Gough
Director

28 October 2021

KPMG
Audit
1 Stokes Place
St. Stephen's Green
Dublin 2
D02 DE03
Ireland

Independent auditor's report to the members of STAR Throne Midco Designated Activity Company

Report on the audit of the financial statements

Opinion

We have audited the financial statements of STAR Throne Midco Designated Activity Company ("the Company") and its consolidated undertakings ("the Group") for the period ended 31 December 2019 set out on pages 16 to 83, which comprise the consolidated income statement, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of financial position, the company statement of financial position, the consolidated statement of changes in equity, the company statement of changes in equity, the consolidated statement of cash flows, the company statement of cash flows and related notes, including the summary of significant accounting policies set out in note 1. 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.

In our opinion:

- the financial statements give a true and fair view of the assets, liabilities and financial position of the Group and Company as at 31 December 2019 and of the Group's loss for the period then ended;
- 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 IFRS as adopted by the European Union, as applied in accordance with the provisions of the Companies Act 2014; and
- the 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter: subsequent events disclosures in relation to COVID-19

We draw attention to note 34 of the financial statements concerning the negative impact of the COVID-19 pandemic, subsequent to the year-end, on the Group's business, where in particular the passenger airline operations in South Africa and France have been the most adversely affected businesses. The subsequent events disclosures in note 34 are fundamental to a user's understanding of these financial statements. Our opinion is not modified in respect of this matter.

KPMG

Independent auditor's report to the members of STAR Throne Midco Designated Activity Company *(continued)*

Report on the audit of the financial statements *(continued)*

Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In arriving at our audit opinion above, the key audit matters, in decreasing order of audit significance, were as follows

(i) Group: Accounting for the acquisition of ASL Aviation Holdings

Refer to notes 1(c) and 11 to the financial statements.

The key audit matter
The acquisition of ASL Aviation Holdings was completed during the period ended 31 December 2019. This gives rise to a significant risk of material misstatement if this highly material acquisition is not accounted for in accordance with relevant accounting standards. In particular, as this acquisition meets the definition of a business combination, the consideration paid and payable, the costs incurred, the fair value of the assets and liabilities acquired including any acquired intangible assets, and any goodwill arising must all be identified, measured and recorded appropriately.

How the matter was addressed in our audit
Our audit procedures included, among others

(a) Inspecting acquisition agreements and related documentation and considering whether the relevant accounting standard for business combinations had been applied appropriately.

(b) Evaluating the measurement of the purchase price for the acquisition including the consideration paid in the period and the fair value of contingent consideration payable.

(c) Evaluating the identification of, and allocation of the purchase price to, the fair values of aircraft assets and other identifiable assets and liabilities acquired, and the measurement of goodwill arising on acquisition, by considering the financial and other information pertaining to the acquisition and related documents, and the Group's plans for the acquired business.

(d) Agreeing the date of commencement of control, and therefore of inclusion in the Group's results, of the acquired business to documentary evidence.

(e) Agreeing the transaction costs incurred in relation to this business combination to relevant supporting documentation and assessing whether they had been expensed in accordance with the relevant accounting standard.

(f) Considering the adequacy of the Group's disclosures in relation to the business combination.

Our audit procedures did not identify any material issues in relation to the application of the relevant accounting standard to the acquisition of ASL Aviation Holdings. We found the measurements of the purchase price and its allocation to the assets and liabilities acquired to be appropriate. We also found the disclosures in the financial statements relating to this acquisition to be adequate in providing an understanding of the impact of this transaction.

KPMG

Independent auditor's report to the members of STAR Throne Midco Designated Activity Company *(continued)*

Report on the audit of the financial statements *(continued)*

(ii) Group: Carrying value of aircraft

Refer to notes 1(g), 1(m) and 8 to the financial statements.

The key audit matter
The Group has a large fleet of owned aircraft which are reviewed annually for impairment. Given the scale of the Group's fleet, if aircraft carrying values were overstated and any impairments were not appropriately recognised this may have a material impact on the Group's financial statements. Hence, carrying values of aircraft are considered to be a significant audit risk.

How the matter was addressed in our audit
Our audit procedures included, among others:

(a) Examining the design and implementation of management's key controls over the assessment of the carrying values of aircraft.

(b) Evaluating the third party industry benchmark valuation sources used by management in its impairment reviews.

(c) Examining the application of the Group's approach to the depreciation of aircraft.

(d) Checking the results of management's impairment reviews by comparing the carrying values of aircraft per the consolidated accounts to the valuation ranges in third party industry benchmark valuation sources for aircraft of the same (or similar) type and age.

(e) Investigating the reasons for aircraft with carrying values at the high end of industry benchmark valuation ranges.

(f) Comparing the sales proceeds received from sales of aircraft which occur from time to time with the carrying value, to assess the accuracy of management's historic estimates.

Our audit procedures did not identify any material issues with the carrying value of aircraft. We found overall that the methodology followed by management in performing impairment reviews was reasonable and was consistent with the approach applied in previous years in the ASL Aviation Holdings group.

(iii) Group: IFRS 16 lease accounting

Refer to notes 1(u) and 9 to the financial statements.

The key audit matter
IFRS 16 *Leases* was a newly applicable accounting standard in 2019 for entities reporting under IFRS. The application of IFRS 16 has a highly material effect on the Group's financial statements because the Group is the lessee in a number of aircraft and property leases which are material. Potential risks of material misstatement associated with IFRS 16 *Leases* implementation included:

- Accounting impacts relating to IFRS 16 adoption are not completely identified;

- The accounting treatments applied do not reflect the key terms of the leases;

- Key judgements applied in IFRS 16 accounting (e.g. in relation to discount rates) are not adequately supported;

- New leases, or changes to leases, after the initial date of implementation are not accounted for in accordance with IFRS 16.

KPMG

Independent auditor’s report to the members of STAR Throne Midco Designated Activity Company *(continued)*

Report on the audit of the financial statements *(continued)*

(iii) Group: IFRS 16 lease accounting *(continued)*

How the matter was addressed in our audit
Our audit procedures included, among others:

(a) Considering the appropriateness of the selection of accounting policies based on the requirements of IFRS 16.

(b) Examining the design and implementation of relevant controls over IFRS 16 accounting.

(c) Evaluating the reasonableness of, and support for, management’s key judgements and estimates made in the application of IFRS 16, and in particular the discount rate applied.

(d) Evaluating the completeness, accuracy and relevance of data used in IFRS 16 calculations, including in relation to lease length, payments and other relevant factors.

(e) Independently recalculating lease liabilities and right-of-use assets and comparing them to management’s calculations.

(f) Examining the treatment applied for IFRS 16 lease liabilities and right-of-use assets in the acquisition accounting for the material business combination during the period.

(g) Evaluating the completeness, accuracy and relevance of the disclosures in the financial statements.

Our audit procedures did not identify any material issues with regard to the application of IFRS 16 *Leases.* We found the disclosures in the financial statements relating to the application of IFRS 16 to be adequate in providing an understanding of its impact.

(iv) Group and Company: Going concern assessment

Refer to notes 1(a) and 34 to the financial statements.

The key audit matter
Subsequent to the period-end, COVID-19 was declared as a pandemic by the World Health Organisation on 11 March 2020. The pandemic has had a material adverse impact on the Group’s business in 2020 and into 2021, principally as a result of government-imposed travel restrictions which have had a significant effect on the Group’s passenger airline operations in South Africa and France. Given the unprecedented impact of COVID-19, it was necessary to consider, as a significant audit risk area, whether the pandemic had an impact on the Group’s and Company’s ability to continue as a going concern.

Our audit procedures included, among others:

(a) We evaluated the process and models management used in its assessment of the ability of the Group and Company to continue as a going concern i.e. for a period of at least 12 months from the date of approval of the financial statements.

(b) We examined the cashflow forecasts and documentation of the key assumptions prepared by management in their going concern assessment. We considered whether the assumptions were realistic and achievable and consistent with the external and internal environment and other matters identified in the audit.

(c) We examined supporting evidence for cash balances held as at 30 June 2021, as reflected in the cashflow forecasts referred to above.

(d) We considered the key terms of the Group’s material debt agreements. We evaluated management’s assessment of the availability of debt facilities and compliance with debt covenants.

KPMG

Independent auditor's report to the members of STAR Throne Midco Designated Activity Company *(continued)*

Report on the audit of the financial statements *(continued)*

(iv) Group and Company: Going concern assessment *(continued)*

We found overall that the Group has not been as severely impacted post period-end by COVID-19 as many other airlines, due to its diversification across both cargo and passenger operations. 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 or the Company's ability to continue as a going concern for a period of at least twelve months from the date of approval of the financial statements.

(v) Company: Loan to subsidiary undertaking

Refer to note 30 to the financial statements.

The key audit matter
The Company financial statements include a material loan to a subsidiary undertaking. Due to the financial position of the Group, this was not considered to give rise to a significant risk of material misstatement. However, due to the materiality of the loan in the context of the Company financial statements, this is considered to be the area that had the greatest focus of our overall audit of the Company financial statements.

How the matter was addressed in our audit
Our audit procedures included among others:

(a) We examined the terms of the loan agreement between the Company and the relevant subsidiary undertaking.

(b) We agreed that the amount due from the subsidiary was consistent with the counterparty balance as included in the financial statements of the subsidiary undertaking.

(c) We examined the financial position of the subsidiary undertaking.

(d) We considered the results of management's assessment of the recoverability of the amount due from the subsidiary undertaking and the rationale for their conclusion that no expected credit loss provision was required.

We found management's assessment of the carrying value of the loan due from the subsidiary undertaking to be appropriate.

Our application of materiality and an overview of the scope of our audit

The materiality for the consolidated financial statements as a whole was set at €6.0m. This has been calculated with reference to a benchmark of total assets. Materiality represents approximately 0.6% of this benchmark, which we consider to be one of the principal considerations for members of the Company in assessing the financial performance of the Group. In assessing materiality in absolute terms, we also had regard to the level of revenue and net assets.

We report to the Audit and Risk Committee all corrected and uncorrected misstatements we identified through our audit with a value in excess of €0.3m, in addition to other audit misstatements below that threshold that we believed warranted reporting on qualitative grounds.

Of the Group's 28 reporting components, we subjected 16 to full scope audits for group purposes.

KPMG

Independent auditor's report to the members of STAR Throne Midco Designated Activity Company *(continued)*

Report on the audit of the financial statements *(continued)*

Our application of materiality and an overview of the scope of our audit *(continued)*

The Group team instructed component auditors as to the significant areas to be audited, including the relevant risks to be addressed and the information to be reported back. The Group team approved the component materialities which ranged from €0.1m to €3.5m having regard to the mix of size and risk profile of the Group across the components.

The audit work on 6 of the 16 components referred to above was performed by component auditors based outside of Ireland and the remainder, including the audit of the parent company, was performed by the Group team in Ireland.

Video and telephone conference meetings were held with the component auditors based outside of Ireland during the audit cycle. At these meetings, the risk areas and findings reported to the Group team were discussed in more detail. The Group team also reviewed certain component audit workpapers in key audit areas.

The components within the scope of our work, including the parent company, accounted for the following approximate percentages of the Group's results: 98% of Group total assets; 96% of Group revenue.

Materiality for the Company financial statements as a whole was set at €2.0m determined with reference to a benchmark of total assets, of which it represents approximately 0.9%. Our audit of the Company was undertaken to the materiality level specified above and was all performed by the Group engagement team in Ireland.

We have nothing to report on going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Other information

The directors are responsible for the other information presented in the Annual Report together with the financial statements. The other information comprises the information included in the directors' report. The financial statements and our auditor's report thereon do not comprise part of the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

KPMG

Independent auditor’s report to the members of STAR Throne Midco Designated Activity Company *(continued)*

Report on the audit of the financial statements *(continued)*

Other information *(continued)*

Based solely on our work on the other information, we report that:

- we have not identified material misstatements in the directors’ report;

- in our opinion, the information given in the directors’ report is consistent with the financial statements;

- in our opinion, the directors’ report has been prepared in accordance with the Companies Act 2014.

Our opinions on other matters prescribed by the Companies Act 2014 are unmodified

We have obtained all the information and explanations which we consider necessary for the purposes of our audit.

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

We have nothing to report on other matters on which we are required to report by exception

The Companies Act 2014 requires us to report to you if, in our opinion, the disclosures of directors’ remuneration and transactions required by Sections 305 to 312 of the Act are not made. We have nothing to report in this regard.

Respective responsibilities and restrictions on use

Directors’ responsibilities

As explained more fully in their statement set out on page 7, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; 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; assessing the Group’s and Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or Company or to cease operations, or have 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 fuller description of our responsibilities is provided on IAASA’s website at http://www.iaasa.ie/Publications/Auditing-standards/International-Standards-on-Auditing-for-use-in-Ire/Description-of-the-auditor-s-responsibilities-for.

KPMG

Independent auditor’s report to the members of STAR Throne Midco Designated Activity Company *(continued)*

Respective responsibilities and restrictions on use *(continued)*

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.

Sean O'Keefe

Sean O’Keefe
for and on behalf of
KPMG
Chartered Accountants, Statutory Audit Firm
1 Stokes Place
St. Stephen’s Green
Dublin 2

28 October 2021

STAR Throne Midco Designated Activity Company

Consolidated income statement

for the period from incorporation on 6 December 2018 to 31 December 2019

	Note	Period from incorporation to 31 December 2019 €'000
Continuing operations		
Revenue	2	**699,869**
Cost of goods and services		**(480,662)**
Depreciation and amortisation	4	**(91,321)**
Employee benefits expense	5	**(117,123)**
Other operating income	3	**15,515**
Other operating expenses	3	**(10,971)**
Operating profit		**15,307**
Finance income	6	**5,788**
Finance costs	6	**(24,995)**
Net finance costs		**(19,207)**
Share of profit of equity-accounted investees, net of tax	13	**570**
Loss before tax		**(3,330)**
Tax expense	7	**(3,956)**
Loss for the period		**(7,286)**
Loss attributable to:		
Owners of the Company		**(8,518)**
Non-controlling interest	22	**1,232**
Loss for the period		**(7,286)**

STAR Throne Midco Designated Activity Company

Consolidated statement of profit or loss and other comprehensive income

for the period from incorporation on 6 December 2018 to 31 December 2019

	Note	Period from incorporation to 31 December 2019 €'000
Loss for the period		**(7,286)**
Other comprehensive loss		
Items that will not be reclassified to profit or loss		
Defined benefit scheme actuarial losses	*25*	**(1,160)**
Related tax credit		**365**
		(795)
Items that are or may be reclassified subsequently to profit or loss		
Fair value movement on cash flow hedges		**(410)**
Cash flow hedges reclassified to profit or loss		**175**
Foreign currency translation differences on retranslation of foreign operations		**(103)**
		(338)
Other comprehensive loss, net of tax		**(1,133)**
Total comprehensive loss for the period		**(8,419)**
Attributable to:		
Owners of the Company		**(9,859)**
Non-controlling interest	*22*	**1,440**
Total comprehensive loss for the period		**(8,419)**

STAR Throne Midco Designated Activity Company

Consolidated statement of financial position

as at 31 December 2019

	Note	31 December 2019 €'000
Assets		
Non-current assets		
Property, plant and equipment	*8*	**261,715**
Intangible assets	*16*	**56,998**
Right of use assets	*9*	**293,391**
Deferred tax assets	*27*	**8,308**
Trade and other receivables	*19*	**14,427**
Investments in joint ventures	*13*	**6,769**
Other financial asset	*14*	**2,874**
Other investment	*15*	**10**
Total non-current assets		**644,492**
Current assets		
Asset held for sale	*12*	**2,791**
Inventories	*17*	**18,312**
Trade and other receivables	*19*	**219,147**
Current tax assets	*18*	**1,810**
Cash at bank	*20*	**76,029**
Restricted cash	*20*	**25,175**
Total current assets		**343,264**
Total assets		**987,756**
Equity		
Share capital	*21*	**-**
Share premium		**25,833**
Currency translation reserve		**(311)**
Cash flow hedge reserve		**147**
Put option reserve	*23*	**(573)**
Retained earnings		**(9,313)**
Total equity attributable to equity holders of the Company		**15,783**
Non-controlling interests	*22*	**3,670**
Total equity		**19,453**

STAR Throne Midco Designated Activity Company

Consolidated statement of financial position *(continued)*

	Note	**31 December 2019 €'000**
Liabilities		
Non-current liabilities		
Other financial liabilities	*23*	**573**
Loans and borrowings	*24*	**246,511**
Lease liabilities	*9*	**208,568**
Employee benefits	*25*	**12,759**
Provisions	*26*	**17,840**
Deferred tax liabilities	*27*	**32,760**
Trade and other payables	*28*	**62,140**
Total non-current liabilities		**581,151**
Current liabilities		
Loans and borrowings	*24*	**82,875**
Lease liabilities	*9*	**85,665**
Current tax liabilities	*18*	**3,177**
Trade and other payables	*28*	**200,802**
Provisions	*26*	**14,633**
Total current liabilities		**387,152**
Total liabilities		**968,303**
Total equity and liabilities		**987,756**

On behalf of the board

P. Gensch
Director

Philipp Gensch

P. Gough
Director

STAR Throne Midco Designated Activity Company

Company statement of financial position

as at 31 December 2019

	Note	31 December 2019 €'000
Assets		
Non-current assets		
Investments in subsidiaries	*10*	**25,788**
Total non-current assets		**25,788**
Current assets		
Loan to subsidiary undertaking	*30*	**193,987**
Total current assets		**193,987**
Total assets		**219,775**
Equity		
Share capital	*21*	**-**
Share premium		**25,833**
Retained earnings		**(11,211)**
Total equity		**14,622**
Liabilities		
Non-current liabilities		
Loans and borrowings	*24*	**205,153**
Total non-current liabilities		**205,153**
Total liabilities		**205,153**
Total equity and liabilities		**219,775**

On behalf of the board

P. Gensch
Director

Philipp Gensch

P. Gough
Director

STAR Throne Midco Designated Activity Company

Consolidated statement of changes in equity

for the period from incorporation on 6 December 2018 to 31 December 2019

	Attributable to equity holders of the Company								
	Share capital €'000	Share premium €'000	Currency translation reserve €'000	Cash flow hedge reserve €'000	Put option reserve €'000	Retained earnings €'000	Total €'000	Non-controlling interests €'000	Total equity €'000
Balance at incorporation on 6 December 2018	-	-	-	-	-	-	-	-	-
Total comprehensive loss for period									
Loss for the period	-	-	-	-	-	(8,518)	(8,518)	1,232	(7,286)
Other comprehensive loss	-	-	(311)	(235)	-	(795)	(1,341)	208	(1,133)
Total comprehensive loss	-	-	(311)	(235)	-	(9,313)	(9,859)	1,440	(8,419)
Transactions with owners									
Issue of share capital (note 21)	-	25,833	-	-	-	-	25,833	-	25,833
Acquisition of subsidiary with non-controlling interests (note 11)	-	-	-	-	-	-	-	(2,260)	(2,260)
Non-controlling interest arising on partial disposal of shareholding in subsidiary (note 22)	-	-	-	-	-	-	-	4,490	4,490
Acquisition of subsidiary with derivative cash flow hedge (note 11)	-	-	-	382	-	-	382		382
Put option liability (note 23)	-	-	-	-	(573)	-	(573)	-	(573)
Total transactions with owners	-	25,833	-	382	(573)	-	25,642	2,230	27,872
Total change in equity for the period	-	25,833	(311)	147	(573)	(9,313)	15,783	3,670	19,453
Balance at 31 December 2019	**-**	**25,833**	**(311)**	**147**	**(573)**	**(9,313)**	**15,783**	**3,670**	**19,453**

STAR Throne Midco Designated Activity Company

Company statement of changes in equity

for the period from incorporation on 6 December 2018 to 31 December 2019

	Share capital €'000	Share premium €'000	Retained earnings €'000	Total equity €'000
Balance at incorporation on 6 December 2018	-	-	-	-
Total comprehensive loss for the period				
Loss for the period	-	-	(11,211)	(11,211)
Transaction with owners				
Issue of share capital (note 21)	-	25,833	-	25,833
Total change in equity for the period	-	25,833	(11,211)	14,622
Balance at 31 December 2019	**-**	**25,833**	**(11,211)**	**14,622**

STAR Throne Midco Designated Activity Company

Consolidated statement of cash flows

for the period from incorporation on 6 December 2018 to 31 December 2019

	Period from incorporation to 31 December 2019 €'000
Operating activities	
Loss for the period	**(7,286)**
Adjustments for:	
Depreciation of property, plant and equipment	**38,342**
Depreciation of right of use assets	**50,784**
Amortisation of intangible assets	**2,195**
Profit on disposals of property, plant and equipment	**(2,320)**
Share-based payment charge related to partial disposal of shareholding in subsidiary	**872**
Share of profit of equity accounted investees, net of tax	**(570)**
Net finance costs	**19,207**
Tax expense	**3,956**
Operating cash inflows before movements in working capital	**105,180**
Movement in inventories	**(3,134)**
Movement in trade and other receivables	**(25,734)**
Movement in trade and other payables	**818**
Movement in provisions and employee benefits	**4,021**
Foreign exchange translation	**(5,247)**
Taxes paid	**(6,282)**
Net cash from operating activities	**69,622**
Cash flows from investing activities	
Acquisition of subsidiary, net of cash acquired	**(119,871)**
Proceeds on disposal of property, plant and equipment	**6,910**
Purchases of property, plant and equipment	**(19,322)**
Purchases of intangible assets	**(3,782)**
Interest income received	**1,382**
Dividend received from joint venture	**250**
Net cash used in investing activities	**(134,433)**

STAR Throne Midco Designated Activity Company

Consolidated statement of cash flows *(continued)*

	Period from incorporation to 31 December 2019 €'000
Cash flows from financing activities	
Proceeds from issue of share capital	**25,833**
Proceeds from issue of loan notes	**193,942**
New bank loans received	**16,384**
Repayment of bank loans	**(15,111)**
Interest paid on loans and borrowings	**(3,455)**
Repayment of lease liabilities	**(48,993)**
Interest paid on lease liabilities	**(10,154)**
Proceeds from partial divestment of shares in subsidiary	**744**
Net cash from financing activities	**159,190**
Net increase in cash and cash equivalents	**94,379**
Cash and cash equivalents at the beginning of the period	**-**
Effect of exchange rate fluctuations on cash held	**1,844**
Cash and cash equivalents at the end of the period (note 20)	**96,223**

STAR Throne Midco Designated Activity Company

Company statement of cash flows
for the period from incorporation 6 December 2018 to 31 December 2019

	Period from incorporation to 31 December 2019 €'000
Operating activities	
Loss for the period	**(11,211)**
Adjustments for:	
Net finance expense	**11,211**
Net cash from operating activities	**-**
Cash flows from investing activities	
Acquisition of shares in subsidiary undertaking	**(25,788)**
Loan advanced to subsidiary undertaking	**(193,987)**
Net cash used in investing activities	**(219,775)**
Cash flows from financing activities	
Proceeds from issue of loan notes	**193,942**
Proceeds from issue of share capital	**25,833**
Net cash from financing activities	**219,775**
Net decrease in cash and cash equivalents	**-**
Cash and cash equivalents at the beginning of the period	**-**
Cash and cash equivalents at end of the period (note 20)	**-**

STAR Throne Midco Designated Activity Company

Notes
forming part of the financial statements

1 Accounting policies

Reporting entity

STAR Throne Midco Designated Activity Company is a company domiciled in Ireland. The address of the Company's registered office is Suite 3, One Earlsfort Centre, Lower Hatch Street, Dublin 2. The consolidated financial statements for the period from incorporation on 6 December 2018 to 31 December 2019 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interest in joint venture undertakings. The Group is primarily involved in the provision of air cargo transport services, the provision of air passenger transport services, aircraft leasing and other aviation related services.

Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and their interpretations issued by the International Accounting Standards Board (IASB) as adopted by the EU.

The individual financial statements of the Company have been prepared in accordance with IFRS as adopted by the EU, and as applied in accordance with the Companies Act 2014.

The following standards are effective from 1 January 2020 (or a later date where otherwise indicated). The Group has not adopted these standards early. The potential impact of these standards on the Group is not expected to be material.

- Amendments to References to Conceptual Framework in IFRS Standards
- Amendments to IFRS 3 *Definition of a Business*
- Amendments to IAS 1 and IAS 8 *Definition of Material*
- IFRS 17 *Insurance Contracts* (effective date 1 January 2021) and Amendments to IFRS 17 *Insurance Contracts* (effective date 1 January 2023)
- Amendments to IFRS9, IAS39 and IFRS7 *Interest Rate Benchmark Reform*
- Amendments to IAS 1 *Presentation of Financial Statements: Classification of Liabilities as Current or Non-Current* (effective date 1 January 2023)
- *Interest Rate Benchmark Reform – phase 2* (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) (effective date 1 January 2021)
- *Onerous Contracts – Cost of Fulfilling a Contract* (Amendments to IAS 37) (effective date 1 January 2022)
- *Annual Improvements to IFRS Standards 2018 - 2020* (effective date 1 January 2022)
- *Property, Plant and Equipment: Proceeds Before Intended Use* (Amendments to IAS 16) (effective date 1 January 2022)
- *Reference to the Conceptual Framework (Amendments to IFRS 3)* (effective date 1 January 2022).

In preparing these financial statements, management has made estimates that affect the application of the Group's accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Key sources of estimation uncertainty

Information about key assumptions and estimation uncertainties at 31 December 2019 that have a significant impact on these financial statements is included in the following notes:

Note 9: The lease liability is initially measured at the present value of the lease payments that are not paid at the acquisition date or 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.

The Group's incremental borrowing rate is an estimate of the interest rate implicit in the lease.

1 Accounting policies *(continued)*

Key sources of estimation uncertainty *(continued)*

Notes
11/28/29: The Group measured assets acquired and liabilities assumed as part of the business combination at acquisition date fair value. The aircraft assets were measured at estimated fair value using available industry valuation benchmark data for the aircraft models and configurations.

The contingent consideration is based on a valuation of the relevant subsidiary, which is based on market multiples derived from quoted prices of companies comparable to the investee, adjusted for the control and size characteristics and the EBITDA of the relevant subsidiary to which it relates. The valuation estimate is adjusted for net debt of the subsidiary.

The Group adjustments to market multiples for effect of control and size characteristics are an estimate of the applicable valuation differences compared to those reflected in the quoted prices of companies comparable to the investee.

(a) Basis of preparation

The consolidated financial statements are presented in Euro, which is the Company's functional currency. All financial information presented in Euro has been rounded to the nearest thousand.

The financial statements have been prepared on the historical cost basis except for derivative financial instruments which have been recorded at fair value.

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which are the basis of making the judgement about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The accounting policies set out below have been applied consistently to the period presented in these financial statements.

Going concern

The directors have assessed the Group's and Company's going concern status by preparing detailed financial forecasts to 31 December 2022, with consideration of the ongoing impact of COVID-19. Having assessed the business risks (which are primarily in relation to the passenger activities), the cash flow forecasts and available bank facilities the directors do not envisage any significant risk in relation to the ability to continue in operational existence for the foreseeable future. In addition, the ultimate controlling party, STAR Capital Partnership has confirmed it will continue to provide financial support to the Company for a period of at least 12 months from the date of approval of the financial statements. The directors have therefore adopted the going concern basis of preparation in the Group and Company financial statements.

1 Accounting policies *(continued)*

(b) Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values. When measuring the fair value of an asset or liability the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Further information about the assumptions made in measuring fair values is included in note 29.

(c) Basis of consolidation

(i) Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it 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. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

(iii) Non-controlling interests

Non-controlling interests are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

1 Accounting policies *(continued)*

(c) Basis of consolidation *(continued)*

(iv) Joint ventures

A joint venture is an arrangement where the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. Interests in joint ventures are accounted for using the equity method. Interests in joint ventures are initially recognised at cost, which includes transaction costs (or at fair value where acquired as a result of a business combination). Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of joint ventures, until the date joint control ceases. The Group does not continue to recognise its share of losses of joint ventures when the interest in the joint venture has been reduced to zero.

(v) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity-accounted investees (associates and joint ventures) are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, only to the extent that there is no evidence of impairment.

(d) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to Euro at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Euro at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

(ii) Financial statements of foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Euro at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Euro at rates approximating the exchange rates at the dates of the transactions.

Foreign currency differences arising on the translation of foreign operations are recognised directly in equity, in the currency translation reserve. When a foreign operation is disposed of, in part or in full, the relevant amount in the currency translation reserve is transferred to profit or loss.

1 Accounting policies *(continued)*

(e) Derivative financial instruments

The Group holds derivative financial instruments to hedge certain of its foreign currency and interest rate risk exposures and options relating to the future acquisition of the share capital held by the non-controlling interest in a subsidiary. The Group has a derivative financial asset in relation to a call option over shares in a subsidiary owned by a third party.

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes in fair value are recognised immediately in profit or loss, except where the derivative is designated as a cash flow hedging instrument and hedge accounting is applied or it is a put option.

The fair value of forward exchange contracts is based on their listed market price, if available. If a listed market price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

The fair value of interest rate swaps is based on discounted cash flow analyses, taking into account current market rates.

The Group has a put option liability in relation to shares in a subsidiary owned by a third party. The put option is measured at estimated fair value, being the present value of the estimated exercise price of the option. The Group has elected to record movements in the fair value of the put option liability directly in equity.

Cash flow hedges and hedge accounting

When a derivative is designated as a cashflow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and accumulated in the cash flow hedge reserve. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

The amount accumulated in equity is retained in other comprehensive income and reclassified to profit or loss in the same period or periods during which the hedged item affects profit or loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the amount accumulated in equity is reclassified to profit or loss.

(f) Intangible assets

(i) Goodwill

Goodwill represents amounts arising on acquisition of subsidiaries. Goodwill represents the difference between the cost of the acquisition and the net fair value of identifiable assets, liabilities and contingent liabilities acquired.

Goodwill is recognised as an asset and initially at its cost after initial recognition goodwill is remeasured at cost less any accumulated impairment losses (see accounting policy (m)).

If the net fair value of the acquired net assets exceeds the cost of the acquisition, the excess is recognised immediately in profit or loss after a reassessment of the identifiable assets, liabilities and contingent liabilities.

1 Accounting policies *(continued)*

(f) Intangible assets

(ii) Other intangible assets

Other intangible assets that are acquired are stated at cost or fair value at the date of acquisition (when acquired as part of a business combination) less accumulated amortisation and impairment losses (see accounting policy (m)).

(iii) Subsequent expenditure

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates and its cost can be measured reliably. All other expenditure is expensed as incurred.

(iv) Amortisation

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of the intangible asset as from the date they are available for use. The estimated maximum useful life is as follows:

Customer contracts	4 years
Software	3 - 10 years

Trademarks are currently considered to have indefinite useful lives.

(g) Aircraft fleet, property, plant and equipment

(i) Owned assets

Aircraft fleet and other items of property, plant and equipment are stated at cost or fair value at the date of acquisition (when acquired as part of a business combination) less accumulated depreciation (see below) and impairment losses (see accounting policy (m)) if any. Where an item of property, plant and equipment comprises major components having different useful lives, they are accounted for as separate items of property, plant and equipment.

Aircraft, spare engines and rotable spares are classified as aircraft fleet assets in property, plant and equipment.

Gains and losses on disposal of aircraft or of another item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of the aircraft or the item of property, plant and equipment and are recognised net.

1 Accounting policies *(continued)*

(g) Aircraft fleet, property, plant and equipment *(continued)*

(ii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the item of property, plant and equipment and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. All other expenditure is recognised in the income statement as an expense as incurred.

(iii) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset.

(iv) Depreciation

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of aircraft and other items of property, plant and equipment. Land is not depreciated.

Aircraft operated within the Group	These are depreciated on a component basis. The components are aircraft specific but typically include the airframe, engines, landing gear and major overhaul and inspection modules. Engines, landing gear and major overhaul and inspection items are depreciated over the period of the maintenance interval, to estimated residual core value, which does not exceed 8 years. Airframes are depreciated over a period of 8 years to a residual value.

The estimated maximum useful lives of other assets are as follows:

Aircraft leased to third parties	8 years to estimated residual values of between \$0.5 million and \$2.0 million or their equivalent.
Aircraft improvements	These are depreciated over the duration of the underlying aircraft lease.
Engines	Engines typically comprise the engine core and the life limited parts. Engine cores are depreciated over the remaining life of the engine between 3 and 10 years. Where the lessee is obliged to restore life limited components to their original condition, through lease return conditions or through contributing appropriate maintenance reserves, the life limited components of engines are not depreciated. Otherwise life limited components are depreciated on the basis of the engine usage.
Significant aircraft spare parts	2-10 years
Equipment and machinery	3-10 years
Motor vehicles	5 years
Buildings	Improvements to leased premises are depreciated over the term of the lease.

The useful lives and residual values are reassessed annually.

1 Accounting policies *(continued)*

(h) Inventories

Inventories of consumables are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

(i) Financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired.

(j) Non-derivative financial assets

Non-derivative financial assets include cash and cash equivalents, and receivables with fixed or determinable payments that are not quoted in an active market and arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except for maturities greater than 12 months after the reporting date which are classified as non-current assets. Loans to and receivables from subsidiaries are disclosed separately in the Company statement of financial position.

The Group assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired (see accounting policy (m)).

(k) Trade and other receivables

Trade and other receivables are initially recognised at fair value, and subsequently are measured at amortised cost using the effective interest method, less expected credit losses (see accounting policy (m)).

(l) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group’s cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Restricted cash includes cash deposits which are held as maintenance contributions for leased aircraft and may be called upon by lessees under contract, and other deposits where the Group’s ability to withdraw funds is restricted.

(m) Impairment

The carrying amounts of the Group’s assets, other than deferred tax assets (see accounting policy (w)), are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset’s recoverable amount is estimated. Goodwill and intangible assets with indefinite useful lives are tested annually for impairment. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement.

1 Accounting policies *(continued)*

(m) Impairment *(continued)*

(i) Calculation of recoverable amount

The recoverable amount of financial assets is calculated as the present value of expected future cash flows, discounted at the original effective interest rate inherent in the asset. Loss allowances are recognised based on lifetime expected credit losses.

For owned aircraft and right-of-use assets for leased aircraft, impairment testing is performed at an individual aircraft level.

For impairment testing of other non-financial assets, the relevant assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units (CGUs).

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

(ii) Reversals of impairment

An impairment loss in respect of a financial asset is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

An impairment loss recognised for goodwill is not reversed.

In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(n) Assets held for sale

Non-current assets that are expected to be recovered primarily through sale rather than through continuing use are reclassified as held for sale. The assets are measured at the lower of their carrying amount and fair value less cost to sell.

(o) Share capital

(i) Ordinary share capital

Ordinary share capital is classified as equity.

(ii) Dividends

Ordinary dividends declared as final dividends are recognised as a liability in the period in which they are approved by shareholders.

Interim dividends are recognised when paid.

1 Accounting policies *(continued)*

(p) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value, less attributable transaction costs.

Attributable transaction costs relate to costs directly incurred in the initiation and arrangement of financing agreements. These costs are capitalised and charged to profit or loss over the term of the underlying financing agreement.

Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

(q) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement as incurred.

(ii) Defined benefit plans

The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount, and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Short-term employee benefits

The cost of all short-term employee benefits is recognised during the period in which the employee renders the related service. The accruals for employee entitlements to salaries, performance bonuses and annual leave represent the amount to which the Group has a present obligation to pay as a result of the employee's services provided to the period end. The accruals for employee benefits have been calculated at undiscounted amounts based on current salary rates. The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating, when the absence occurs.

1 Accounting policies *(continued)*

(r) Provisions

A provision is recognised in the statement of financial position when the Group has a legal or constructive obligation as result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. The provisions are determined by discounting, where the effect is material, the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

In certain instances the Group may enter into long term aircraft lease contracts. These lease arrangements often create an obligation for the Group to return the aircraft in a specific condition on termination of the lease. In such circumstances the Group makes provision throughout the period of the lease on a systematic basis for the estimated cost of the maintenance and repair of the aircraft and in particular for time and usage limited components. Such costs are charged to the income statement on the basis of the use of the aircraft or the passage of time whichever is applicable. The provisions are reviewed and adjusted on an ongoing basis, taking account of changes in market rates and experience of the aircraft type. Any shortfall or surplus associated with a maintenance event is charged or credited to the income statement at the time of the maintenance event.

(s) Non-derivative financial liabilities

The Group has the following non-derivative financial liabilities: loans and borrowings; trade and other payables; contingent consideration (see policy (c)); and lease liabilities (see policy (u)).

Loans and borrowings and trade and other payables are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method.

(t) Revenue

Revenue from aircraft chartering and related services rendered is recognised and measured in accordance with the five-step revenue recognition model in IFRS 15 *Revenue from Contracts with Customers*. The Group recognises such revenue when it transfers control over these services to a customer by supplying the services. This revenue is measured based on the consideration specified in the contractual arrangement with the customer and in accordance with the performance obligations satisfied in the period.

Advance deposits for charters are deferred until the operation of the charter takes place.

Rental income from the leasing of aircraft under operating leases is recognised, in accordance with IFRS 16 *Leases*, in the income statement on a straight-line basis over the term of the lease.

Revenue excludes value added tax.

1 Accounting policies *(continued)*

(u) Leased assets

As lessee

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. If the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration it is recognised as a lease.

To assess the right to control, the Group assesses whether:

- the contract involves the use of an identified asset;
- the Group has the right to obtain substantially all of the economic benefits from the use of the asset; and
- the Group has the right to direct the use of the asset.

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, which is defined as the rate of interest that the lessee would have to pay to borrow, over a similar term and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. For leases acquired through business combinations, the acquisition date is deemed to be the commencement date.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Group is reasonably certain to exercise; and
- penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

Variable lease payments linked to future performance or use of an underlying asset are excluded from the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in costs of goods and services in profit or loss.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect lease payments.

The Group remeasures the lease liability where lease payments change due to changes in an index or rate, changes in expected lease term or where a lease contract is modified. When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date.

1 Accounting policies *(continued)*

(u) Leased assets *(continued)*

As lessee *(continued)*

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of use asset or the end of the lease term. Right-of-use assets are reviewed for impairment on an annual basis or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. IAS 36 *Impairment of Assets* is applied to determine whether a right-of-use asset is impaired, and any identified impairments are accounted for through profit or loss. The right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The Group has elected not to recognise right-of-use-assets and lease liabilities for short-term leases of fixtures, fittings and equipment that have a lease term of 12 months or less and leases of low-value assets. Assets are considered low value if the value of the asset when new is less than €15,000. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

As lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease and if not then it is an operating lease.

As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

The Group recognises lease payments received under operating leases as income on a straight line basis over the lease term as revenue.

(v) Finance income and finance costs

Net financing costs comprise interest payable on borrowings calculated using the effective interest rate method and interest receivable on funds invested.

Interest income is recognised in the income statement on the effective interest basis.

(w) Tax

Tax expense comprises current and deferred tax. Tax expense is recognised in the income statement except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case it is recognised in other comprehensive income or equity respectively.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

1 Accounting policies *(continued)*

(w) Tax *(continued)*

Deferred tax is recognised using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(x) Government grants

The Group has received government grants for certain non-capital expenditure.

Unconditional government grants are recognised in the income statement as other operating income when the grant becomes receivable.

Other government grants are initially recognised as deferred income at fair value if there is a reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant. They are then recognised in the income statement when the conditions are met.

(y) Company financial statements

Significant policies specifically applicable to the individual company financial statements and which are not reflected within the accounting policies for the Group consolidated financial statements are detailed below.

Investments in subsidiaries

Investments in subsidiaries are accounted for in the individual Company financial statements on the basis of the direct equity interest, rather than on the basis of the reported results and the net assets of investees. Investments in subsidiaries are carried at cost less impairment.

Notes *(continued)*

2 Revenue

	Passenger Period from incorporation to 31 December 2019 €'000	Cargo Period from incorporation to 31 December 2019 €'000	Leasing Period from incorporation to 31 December 2019 €'000	Other Period from incorporation to 31 December 2019 €'000	Total Period from incorporation to 31 December 2019 €'000
Primary geographical markets					
Europe	86,882	363,606	1,193	7,988	459,669
Asia	2,026	72,447	2,898	-	77,371
Africa	137,806	16,419	1,825	-	156,050
North America	57	3,863	2,859	-	6,779
	226,771	**456,335**	**8,775**	**7,988**	**699,869**
Major goods/service line					
Aircraft charter and other related services	226,771	456,335	-	7,988	691,094
Aircraft leasing	-	-	8,775	-	8,775
	226,771	**456,335**	**8,775**	**7,988**	**699,869**

Leasing revenue is earned over the term of the lease. All other Group revenues relate to the transfer of services or goods at a point in time.

	Period from incorporation to 31 December 2019 €'000
Receivables which are included in 'trade and other receivables' (note 19)	**133,497**
Contract assets (note 19)	**4,753**
Contract liabilities (note 28)	**(19,710)**

The contract assets principally relate to the Group's rights to consideration for services supplied to customers but not billed at the reporting date. The contract assets are transferred to receivables when the Group issues an invoice to the customer.

The contract liabilities principally relate to advance consideration received from customers which will be recognised in revenue as the service is performed.

Performance obligations and revenue recognition policies

Revenue is recognised for passenger and cargo activity upon completion of the flight.

Revenue is recognised for leasing on a straight-line basis over the term of the lease.

3 Other operating income/expenses

	Period from incorporation to 31 December 2019 €'000
Group	
Other operating income	
Profit on disposals of property, plant and equipment	**2,320**
Government grant income	**4,720**
Other income	**1,474**
Insurance income	**7,001**
	15,515

Government grant income relates to grants received in Belgium in respect of employment costs for work completed outside of local social working hours.

Insurance income relates to an amount recoverable from insurers relating to the acquisition of ASL. As part of the acquisition of ASL the Group purchased a warranty and indemnity insurance policy. In 2019 the Group submitted a claim under this policy and subsequently agreed a settlement of €7,001,000. The amount was received in full in July 2021.

	Period from incorporation to 31 December 2019 €'000
Other operating expenses	
Acquisition related costs on business combination (note 11)	**9,999**
Share-based payment charge related to partial disposal of shareholding in subsidiary (note 22)	**872**
Other items	**100**
	10,971

As part of the business combination in which the Group acquired ASL on 4 June 2019 (note 11), the Group incurred directly attributable transaction expenses of €9,999,000. In accordance with IFRS 3, these items do not form part of the cost of the consideration transferred and have been appropriately expensed.

The share-based payment charge of €872,000 arose as a result of the disposal, on 27 June 2019, of a 25.14% minority shareholding in Safair Operations (Pty) Limited ("Safair Operations") (note 22), which was required to be divested to a BEE (Black Economic Empowerment) investor. The charge of €872,000 represents the difference between the consideration received (cash and call option – note 14) and the underlying share of net assets attributable to the 25.14% stake.

4 Statutory and other information

	Period from incorporation to 31 December 2019 €'000
Loss before tax is stated after charging:	
Group	
Depreciation of property, plant and equipment	**38,342**
Depreciation of right of use assets	**50,784**
Amortisation of intangible assets	**2,195**
Depreciation and amortisation	**91,321**
Net foreign exchange loss	**516**
Auditors remuneration:	
- Audit of group and company accounts	**300**
- Tax advisory services	**108**
- Other non-audit services	**9**
	417

5 Employee benefits and numbers

The average number of persons employed by the Group was as follows:

	Period from incorporation to 31 December 2019
Directors and senior management	**37**
Crew, administration and engineering	**1,550**
	1,587

5 Employee benefits and numbers *(continued)*

The aggregate payroll costs of these persons were as follows:

	Period from incorporation to 31 December 2019 €'000
Group	
Wages and salaries	**87,394**
Social insurance costs	**18,485**
Pension and other staff costs	**11,244**
	117,123

Directors' remuneration

There were no fees or other emoluments paid or payable by the Group to the directors of the Company during the period.

The estimated amount of directors' remuneration attributable to the Group for the period is €52,000. This is an estimated allocation of emoluments paid or payable to those individuals by higher entities above the Company in the organisation structure headed by the ultimate controlling party, STAR Capital Partnership LLP.

The estimated allocation is based on an estimate of the qualifying services, including management of the affairs of the Company and its subsidiaries, provided by those individuals to the Group during the period.

6 Finance income and finance costs

	Period from incorporation to 31 December 2019 €'000
Group	
Finance income	
Interest income on cash and cash equivalents	**1,382**
Fair value gain arising on remeasurement of contingent consideration	**4,406**
	5,788
Finance costs	
Interest on loan notes (note 24)	**11,211**
Interest on bank borrowings	**3,415**
Guarantee fees	**40**
Cashflow hedges reclassified from other comprehensive income	**175**
Interest on lease liabilities	**10,154**
	24,995

The movement in contingent consideration relates to a reduction in estimated future amounts payable to the previous shareholders of ASL based on the estimated disposal price achievable in the event of a disposal of Safair Operations (Pty) Limited, as described further in notes 11 and 28. This gain of €4.4 million is not considered an acquisition accounting adjusting event as it related to performance since the date of acquisition and is not new information obtained about facts and circumstances which existed at the date of acquisition.

7 Tax expense

	Period from incorporation to 31 December 2019 €'000
Group	
Recognised in profit or loss (a)	**3,956**
Recognised in other comprehensive income (b)	**(365)**
	3,591

7 Tax expense *(continued)*

	Period from incorporation to 31 December 2019 €'000
(a) Amounts recognised in profit or loss	
Current tax expense	
Corporation tax – Ireland – current period	**954**
Corporation tax – foreign – current period	**3,499**
	4,453
Deferred tax credit	
Origination and reversal of temporary differences (note 27)	**(497)**
	3,956

A reconciliation of the expected tax of the Group and the actual tax charge is as follows:

	Period from incorporation to 31 December 2019 €'000
Loss for the period	**(7,286)**
Tax expense	**3,956**
Loss before tax	**(3,330)**
Expected tax, computed by applying the Irish tax rate 12.5%	**(417)**
Effect of different tax rates of subsidiaries operating in foreign jurisdictions	**2,245**
Non-deductible expenses	**1,798**
Non-taxable income	**(1,961)**
Movement on unrecognised deferred tax asset (note 27)	**1,451**
Other	**840**
Tax expense	**3,956**
(b) Amounts recognised in other comprehensive income	
Deferred tax credit related to defined benefit plan actuarial losses	**(365)**

8 Property, plant and equipment

Group	Aircraft fleet €'000	Equipment and machinery €'000	Buildings €'000	Total €'000
Cost or deemed cost				
Balance at incorporation on 6 December 2018	-	-	-	-
Additions	15,212	4,110	-	19,322
Acquired through business combinations (note 11)	268,109	13,542	5,788	287,439
Disposals	(7,498)	(203)	(14)	(7,715)
Reclassified to assets held for sale	(2,973)	-	-	(2,973)
Foreign exchange movements	2,549	23	80	2,652
Balance at 31 December 2019	**275,399**	**17,472**	**5,854**	**298,725**
Depreciation				
Balance at incorporation on 6 December 2018	-	-	-	-
Charge for the period	35,137	2,815	390	38,342
Disposals	(2,936)	(189)	-	(3,125)
Reclassified to assets held for sale	(182)	-	-	(182)
Foreign exchange movements	1,852	46	77	1,975
Balance at 31 December 2019	**33,871**	**2,672**	**467**	**37,010**
Net book value				
At 31 December 2019	**241,528**	**14,800**	**5,387**	**261,715**

At 31 December 2019, aircraft with a net book value of €188.3 million were mortgaged to lenders as security for bank loans (see note 23).

Aircraft with a net book value of €17.5 million at 31 December 2019 were leased to third parties under leases.

The Group has classified an aircraft with a net book value of €2,791,000 as an asset held for sale as at 31 December 2019 as it was in the process of disposal at 31 December 2019 with its value to be recovered through disposal (note 12).

9 Lease liabilities and right of use assets

(i) Group

(a) Lease liabilities

	Lease liabilities €'000
Reconciliation of lease liabilities	
Lease liabilities at incorporation on 6 December 2018	**-**
Acquired through business combination (note 11)	**289,663**
Interest on lease liabilities	**10,154**
Lease payments	**(59,147)**
Additions	**55,498**
Translation adjustment	**(1,935)**
Lease liabilities at 31 December 2019	**294,233**

The lease liabilities have the following classification in the statement of financial position	**€'000**
Current	**85,665**
Non-current	**208,568**
Lease liabilities at 31 December 2019	**294,233**

The lease liabilities have the following contractual maturities:

	Total €'000	Less than 1 year €'000	1-2 years €'000	2-5 years €'000	+5 years €'000
At 31 December 2019	**294,233**	**85,665**	**71,457**	**118,028**	**19,083**

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 Group's incremental borrowing rate. The weighted average discount rate applied for leases in the period was 6.46%.

9 Lease liabilities and right of use assets *(continued)*

(i) Group *(continued)*

(b) Reconciliation of movement of lease liabilities to cashflows from financing activities

	Lease liabilities €'000
Balance at incorporation 6 December 2018	-
Changes from financing cashflows	
Repayment of lease liabilities	**(48,993)**
Interest paid on lease liabilities	**(10,154)**
Total changes from financing cashflows	**(59,147)**
The effect of changes in foreign exchange rates	**(1,935)**
Other changes	
Lease liabilities acquired through business combination	**289,663**
New leases	**55,498**
Interest charged	**10,154**
Total other changes	**355,315**
Balance at 31 December 2019	**294,233**

(c) Right of use assets

The Group have the following right of use assets as at 31 December 2019.

	Right of use assets €'000
Right of use assets at incorporation 6 December 2018	-
Acquired through business combination (note 11)	290,489
Additions	55,498
Depreciation	(50,784)
Translation adjustment	(1,812)
Right of use assets at 31 December 2019	**293,391**

STAR Throne Midco Designated Activity Company

Notes *(continued)*

10 Investments in subsidiaries

	Shares in subsidiaries €'000
Company	
Cost	
At incorporation on 6 December 2018	-
Investment during period	25,788
At 31 December 2019	**25,788**
Net book value	
At 31 December 2019	**25,788**

On 20 December 2018, the Company acquired 1 ordinary share in STAR Throne BidCo Designated Activity Company for €1 per ordinary share.

On 31 May 2019, the Company acquired 100 ordinary shares in STAR Throne BidCo Designated Activity Company for cash of €25.8 million representing €1 per ordinary share and a share premium of €257,884.21 per ordinary share.

Subsidiary undertakings at 31 December 2019	Address of registered office	Country of incorporation	Nature of business	Shareholding
STAR Throne Bidco DAC	1	Ireland	Investment in companies	100%
ASL Aviation Holdings DAC	2	Ireland	Investment in companies/ Aircraft leasing	*100%
ASL Airlines Belgium S.A.	3	Belgium	Air transport services	*100%
OFSB Ltd	4	Bermuda	Aircraft leasing	*100%
ASL Airlines (France) S.A.	5	France	Air transport services	*100%
S.A.S. Europe Airpost Holdings	5	France	Aircraft leasing	*100%
ASL Airlines (Hungary) Kft	6	Hungary	Air transport services	*100%
Quikjet Cargo Airlines Pvt Ltd	7	India	Aircraft services	*72.48%
ASL Airlines (Ireland) Ltd	2	Ireland	Air transport services	*100%
ASL Aircraft Investment DAC	2	Ireland	Aircraft leasing	*100%
ASL Aircraft Investment (No. 2) Ltd	2	Ireland	Aircraft leasing	*100%
ASL Aircraft Investment (No. 3) Ltd	2	Ireland	Aircraft leasing	*100%
ASL CAMO Limited	2	Ireland	Aviation related services	*100%
Safair Aviation (Ireland) DAC	2	Ireland	Aircraft leasing	*100%
Safair Lease Finance (Ireland) DAC	2	Ireland	Aircraft leasing	*100%
Safair Lease Finance 72 DAC	2	Ireland	Aircraft leasing	*100%
Safair Holdings (Pty) Limited	8	South Africa	Investment in companies	*100%
Safair Lease Finance (Pty) Ltd	8	South Africa	Aircraft leasing	*100%
ASL Airlines Spain S.A.	9	Spain	Air transport services	*100%
FARNAIR Holding SA	10	Switzerland	Investment in companies	*100%
ASL Airlines (Switzerland) AG	10	Switzerland	Air transport services	*100%
Air Contractors (UK) Ltd	11	United Kingdom	Aviation related services	*100%
African Aviation Investments DAC	2	Ireland	Investment in companies	*100%
Safair Investment Holdings (Pty) Ltd	8	South Africa	Investment in companies	*100%
Safair Operations (Pty) Ltd	8	South Africa	Air transport services	*74.86%
Safair Investment Trust	8	South Africa	Investment in companies	*100%

* indirect shareholdings

10 Investments in subsidiaries *(continued)*

1 Suite 3, One Earlsfort Centre, Lower Hatch Street, Dublin 2
2 No.3 Malahide Road, Swords, Co. Dublin
3 Rue de l'Aeroport, 4460 Grace Hollogne
4 Cumberland House, 1 Victoria Street, Hamilton HM11
5 15 rue du Haut de Laval, Tremblay en France, 95708 Roissy CDG
6 1185 Budapest, Nemzetkozi Repuloter
7 Krishna Complex, Hayes Road, Bengaluru 560025
8 Safair House, Northern Perimeter Road, Bonaero Park, Johannesburg, 1619
9 Centro de Carga Aerea, Aeropuerto Adolfo Suarez, Madrid, 28042
10 Wuhrmattstrasse 21, 4103 Bottmingen
11 7 Savoy Court, London, WC2R 0EX

11 Business combinations

Acquisition of ASL Aviation Holdings

On 4 June 2019, through STAR Throne Bidco DAC, the Group acquired 100% of the ordinary share capital of ASL Aviation Holdings DAC (“ASL”) for cash consideration of €207,698,000, including €5,500,000 paid to an Escrow account. A list of subsidiaries and joint ventures acquired are included in note 10 and note 13.

The Escrow amount relates to outcome of certain contingent events identified as part of the acquisition agreement and a specified amount is agreed for the potential outcome of each event.

Upon the third anniversary of the acquisition, any remaining amount in Escrow shall be released to the previous shareholders of ASL or to the Group. As at the date of signing the financial statements there has been no amount released from Escrow to either the previous shareholders or the Group.

The directors consider it appropriate to recognise the Escrow amount as part of the consideration paid to acquire ASL.

Further contingent consideration is also payable by the Group to the previous shareholders which is dependent on the future value realised for a certain subsidiary undertaking, Safair Operations (Pty) Limited, in the event of a disposal of that subsidiary. There is no time limit on the disposal. The Group have assessed the fair value of this contingent consideration as €36,680,000 at the acquisition date based on the applicable contractual terms that determine the portion of the estimated price achievable in the event of a disposal of Safair Operations (Pty) Limited that would be payable to the previous shareholders.

The contingent consideration will be assessed at each reporting date for movements in fair value. Any movement in fair value will be recognised in profit and loss in the period in which it occurs. The contingent consideration payable was remeasured at €32,274,000 as at 31 December 2019 (note 28) and a gain of €4,406,000 has been recognised in finance income in profit or loss for the period ended 31 December 2019 in this regard (note 6).

The aircraft assets were measured at estimated fair value using available industry valuation benchmark data for the acquired aircraft models and configurations.

The Group have recognised goodwill €36,680,000 at date of acquisition relating to Safair Operations (Pty) Limited. There has been no impairment in goodwill in the period to 31 December 2019.

11 Business combinations *(continued)*

Acquisition of ASL Aviation Holdings *(continued)*

Directly attributable acquisition related costs of €9,999,000 have been expensed in the period (note 3).

As a result of the ASL acquisition the Group has a 72.48% interest in Quikjet Cargo Airlines PVC Ltd ("Quikjet"), an Indian based aircraft service company. The non-controlling interest holds 27.52% of the issued ordinary share capital of Quikjet. The non-controlling interest had an equity share of the net liability position of Quikjet at the date of acquisition of ASL amounting to €2,260,000.

As a result of the ASL acquisition the Group has interests in two joint venture undertakings; a 45% interest in a Thailand based cargo airline operator, K-Mile Air Company Ltd ("K-Mile") and a 50% interest in a Belgian aircraft maintenance service provider, X-Air Services S.A. ("X-Air"). See note 13 for further details.

The Group has not disclosed the revenue and profit/loss for the combined entity if the consolidated period was from the period of incorporation 6 December 2018 as it is undetermined if the finance costs would have been incurred from this date. The Company was incorporated to complete the acquisition of ASL, and the Group had no comparable trading activities prior to this acquisition.

The assets acquired and liabilities assumed as part of the acquisition are as follows:

	2019
	€'000
Property, plant and equipment	**287,439**
Intangible assets	**18,729**
Right of use assets	**290,489**
Deferred tax assets	**1,658**
Trade and other receivables	**1,155**
Investment in joint ventures	**6,278**
Other financial investment	**10**
Non current assets	**605,758**
Current assets	
Inventories	**15,178**
Trade and other receivables	**206,920**
Current tax assets	**1,261**
Cash at bank	**67,737**
Restricted cash	**20,090**
Current assets	**311,186**
Total assets at fair value	**916,944**

11 Business combinations *(continued)*

	2019 €'000
Non-current liabilities	
Loans and borrowings	**58,296**
Lease liabilities	**219,410**
Employee benefits	**11,153**
Provisions	**17,375**
Deferred tax liabilities	**27,337**
Trade and other payables	**25,493**
Non current liabilities	**359,064**
Current liabilities	
Loans and borrowings	**65,098**
Lease liabilities	**70,253**
Current tax liabilities	**4,457**
Trade and other payables	**199,951**
Provisions	**12,683**
Total current liabilities	**352,442**
Total liabilities at fair value	**711,506**
Fair value of identifiable net assets	**205,438**
Non-controlling interests at acquisition	**2,260**
Identifiable net assets and non-controlling interests at acquisition	**207,698**
Goodwill arising from the acquisition has been recognised as follows:	
Consideration	**244,378**
Identifiable net assets and non-controlling interests at acquisition	**(207,698)**
Goodwill	**36,680**
Total consideration satisfied by:	
- cash paid	**202,198**
- cash paid to Escrow	**5,500**
- contingent consideration (fair value at acquisition date)	**36,680**
Total consideration	**244,378**

At date of acquisition, ASL had a €382,000 derivative recognised in trade and other receivables related to interest swaps and a €2,000 derivative recognised in trade and other payables related to foreign currency contracts.

12 Asset held for sale

	31 December 2019 €'000
Asset held for sale	**2,791**

At 31 December 2019 the Group held an aircraft asset of €2,791,000 which was classified as held for sale, as its economic value would be recovered through disposal. It was sold for a gain in January 2020.

13 Investments in joint ventures

As part of the acquisition of ASL the Group acquired interests in two joint venture undertakings, a Thailand based cargo airline operator, K-Mile Air Company Ltd ("K-Mile") and X-Air Services S.A. ("X-Air"), a Belgian joint venture undertaking which provides aircraft maintenance services. The percentage shareholding held by the Group in X-Air as at the acquisition date and 31 December 2019 was 50%. The percentage shareholding held by the Group as at the acquisition date and 31 December 2019 in K-Mile was 45%.

Movements in the carrying value of investments in joint ventures are as follows:

	K-Mile €'000	X-Air €'000	Total €'000
Acquired through business combination	2,618	3,660	6,278
Share of profit in the period	368	202	570
Dividend received	-	(250)	(250)
Foreign currency translation movement	171	-	171
Investment as at 31 December 2019	**3,157**	**3,612**	**6,769**

On 24 June 2019, the Group received a dividend of €250,000 from X-Air.

The following tables summarise the financial information of individually material joint ventures as included in their own financial statements, adjusted for fair value adjustments at acquisition and differences in accounting policies.

13 Investments in joint ventures *(continued)*

K-Mile Air Company Ltd

	31 December 2019 €'000
Non-current assets	8,696
Current assets	8,688
Current liabilities	(5,784)
Non-current liabilities	(4,585)
Net assets (100%)	**7,015**
Percentage ownership interest	**45%**
Group's share of net assets	3,157
Goodwill	-
Carrying amount of interest in joint venture	**3,157**

	Period ended 31 December 2019 €'000
Income	16,774
Expenses	(15,956)
Profit	818
Group's share of profit	**368**

X-Air Services Limited

	31 December 2019 €'000
Non-current assets	375
Current assets	14,037
Current liabilities	(7,188)
Net assets (100%)	**7,224**
Percentage ownership interest	**50%**
Group's share of net assets	3,612
Goodwill	-
Carrying amount of interest in joint venture	**3,612**

13 Investments in joint ventures *(continued)*

	Period ended 31 December 2019 €'000
Income	16,387
Expenses	(15,983)
Profit	404
Group's share of profit	**202**

14 Other financial asset

	31 December 2019 €'000
Call option	2,874

On 27 June 2019, the Group disposed of a 25.14% minority shareholding in Safair Operations (Pty) Limited ("Safair Operations"). The 25.14% shareholding in Safair Operations was required to be divested to a BEE (Black Economic Empowerment) investor. The Group disposed of the shareholding for €744,000 (12,000,000 ZAR) cash and a call option to reacquire the shareholding in a future period at a discounted price.

The Group can call the shareholding after a period of 12 months from date of divestment of the 25.14% stake in Safair Operations (Pty) Limited on 27 June 2019 at a reduced price compared to net asset value. The Group has recognised the fair value of the call option at 31 December 2019. There were no significant movements in fair value between 27 June 2019 and 31 December 2019.

15 Other investment

	31 December 2019 €'000
Other investment	10

The Group, through its subsidiary ASL Airlines Belgium S.A, acquired a €10,000 investment in "Blue Sky Aviation", a Belgian company. The Group does not have significant influence over that entity.

16 Intangible assets

Group	Goodwill €'000	Customer contracts €'000	Software €'000	Trademarks €'000	Total €'000
Cost or deemed cost					
At 6 December 2018	-	-	-	-	-
Acquired through business combination	-	10,712	7,395	622	18,729
Additions	36,680	-	3,782	-	40,462
Foreign exchange movement	-	-	44	9	53
At 31 December 2019	**36,680**	**10,712**	**11,221**	**631**	**59,244**
Amortisation					
At 6 December 2018	-	-	-	-	-
Amortisation in period	-	1,563	632	-	2,195
Foreign exchange movement	-	-	51	-	51
At 31 December 2019	**-**	**1,563**	**683**	**-**	**2,246**
Net book value					
At 31 December 2019	**36,680**	**9,149**	**10,538**	**631**	**56,998**

Goodwill represents the excess of the consideration paid and payable over the fair value of the identifiable assets and liabilities of ASL. The goodwill has been attributed to the cash generating unit ("CGU") of Safair Operations (Pty) Limited in accordance with the substance of the acquisition agreement, which is described further in note 11.

The goodwill has been reviewed for impairment based on an assessment of the recoverable amount of the CGU, which is the higher of Value In Use ("VIU") and Fair Value Less Costs of Disposal ("FVLCD"). The FVLCD was estimated on the basis of an adjusted market multiple with reference to the quoted prices of companies comparable to the CGU, as adjusted for the effect of control and size characteristics and the EBITDA of the CGU. The estimate is adjusted for the net debt of the CGU.

No impairment has been recognised.

There were no reasonably foreseeable circumstances as at 31 December 2019, in which a change in the assumptions underpinning the fair value of the underlying business would result in an impairment.

The Group recognised intangible assets relating to customer contracts of €10.7 million on acquisition of the ASL group. The intangible assets arising are being amortised over a period of four years which represents the remaining life of the contracts.

Notes *(continued)*

17 Inventories

	Group 31 December 2019 €'000
Consumables	**18,312**

Inventories are stated at the lower of cost and net realisable value. The replacement cost of inventories does not differ materially from its carrying value. The impairment provision in respect of Group inventories amounted to €4,815,000.

18 Current tax assets and liabilities

	Group 31 December 2019 €'000	Company 31 December 2019 €'000
Current tax assets	**1,810**	**-**
Current tax liabilities	**(3,177)**	**-**

Current tax assets and liabilities represents corporation tax receivable/(payable) in respect of the current period.

19 Trade and other receivables

	Group 31 December 2019 €'000	Company 31 December 2019 €'000
Amounts due from joint venture *(note 30)*	**370**	**-**
Trade receivables	**133,497**	**-**
Prepayments	**15,507**	**-**
Contract assets	**4,753**	**-**
Derivatives	**147**	**-**
VAT receivable	**5,870**	**-**
Other debtors	**73,430**	**-**
	233,574	**-**
Non-current	**14,427**	**-**
Current	**219,147**	**-**
	233,574	

Details of loans to subsidiary undertakings by the Company are included in note 30.

Included in non-current trade and other receivables is an other debtor of €7,001,000 receivable in respect of insurance income recoverable from insurers relating to the acquisition of ASL (note 3). The amount was received in full in July 2021.

Other debtors also includes, among others, amounts incurred on behalf of customers which are recharged and deposits paid to lessors for aircraft leases.

20 Cash and cash equivalents

	Group 31 December 2019 €'000	Company 31 December 2019 €'000
Cash at bank	**76,029**	**-**
Restricted cash	**25,175**	**-**
	101,204	**-**
Bank overdraft (note 24)	**(4,981)**	**-**
Cash and cash equivalents per cash flow statement	**96,223**	**-**

Restricted cash includes cash deposits which are held as maintenance contributions for leased aircraft and may be called upon by lessees under contract, and other deposits where the Group's ability to withdraw funds is restricted.

21 Share capital

	31 December 2019 €'000
Share capital – Group and Company	
Authorised	
1,000,000 Ordinary shares of €1 each	**1,000**
Allotted, called up and fully paid	
101 Ordinary shares of €1 each	**-**

On incorporation the Company issued one ordinary share for €1.

On 9 May 2019 the Company issued 100 ordinary shares for cash of €25.8 million representing €1 per share and a premium of €258,333.21 per share.

22 Non-controlling interests

As part of the acquisition of ASL (note 11) the Group acquired a 72.48% interest in Quikjet Cargo Airlines PVC Ltd ("Quikjet"), an Indian based aircraft service company (note 10). The non-controlling interest holds 27.52% of the issued ordinary share capital of Quikjet.

The non-controlling interest had an equity share of the net liability position of Quikjet at date of acquisition amounting to €2,260,000.

Since 27 June 2019, there is a 25.14% non-controlling interest in Safair Operations (Pty) Limited following the divestment by the Group.

22 Non-controlling interests *(continued)*

Movements in the carrying value of non-controlling interests are as follows:

	Quikjet Cargo Airlines PVT Ltd €'000	Safair Operations (Pty) Ltd €'000	Total €'000
Non-controlling interests as at incorporation 6 December 2018	-	-	-
Acquisition of subsidiary with non-controlling interests	(2,260)	-	(2,260)
Non-controlling interest arising on disposal of shares in subsidiary	-	4,490	4,490
Share of profit in the period	92	1,140	1,232
Foreign currency translation movement	77	131	208
Non-controlling interests as at 31 December 2019	**(2,091)**	**5,761**	**3,670**

The following table summarises the information relating to each of the Group's subsidiaries that has material non-controlling interests before any intra-group eliminations.

	Quikjet Cargo Airlines PVT Ltd	Safair Operations (Pty) Ltd 31 December 2019
31 December 2019		
NCI %	27.52%	25.14%

	Quikjet Cargo Airlines PVT Ltd 31 December 2019 €'000	Safair Operations (Pty) Ltd 31 December 2019 €'000	Total €'000
Non-current assets	108	87,073	
Current assets	791	55,144	
Non-current liabilities	-	(64,534)	
Current liabilities	(8,496)	(54,767)	
Net (liabilities)/assets	**(7,597)**	**22,916**	
Net (liabilities)/assets attributable to NCI	**(2,091)**	**5,761**	**3,670**

22 Non-controlling interests *(continued)*

	Quikjet Cargo Airlines PVT Ltd €'000	Safair Operations (Pty) Ltd for the period 27 June 2019 to 31 December 2019 €'000	Total €'000
Revenue	207	129,622	
Profit	334	4,535	
Profit allocated to NCI	**92**	**1,140**	**1,232**

23 Other financial liability

The Group entered into a put option with the minority shareholder of Safair Operations (Pty) Ltd on 27 June 2019.

The minority shareholder can put their 25.14% shareholding in Safair Operations to the Group after a period of 7 years from the date of the agreement, at an exercise price based on a specific formula in the shareholders' agreement.

The Group determined the fair value of the put option liability, which is discounted to present value using the weighted average cost of capital of the ASL Aviation Group.

The Group has accounted for the movement of the fair value of the liability in equity in accordance with its choice of accounting policy.

	€'000
Fair value of put option at inception on 27 June 2019	**306**
Fair value movement to 31 December 2019 recognised in equity	**267**
Balance at 31 December 2019	**573**

24 Interest-bearing loans and borrowings

	Group 31 December 2019 €'000	Company 31 December 2019 €'000
Current	**82,875**	**-**
Non-current	**246,511**	**205,153**
	329,386	**205,153**
Non-current liabilities		
Unsecured loan notes	**205,153**	**205,153**
Bank loans	**41,358**	**-**
	246,511	**205,153**
Current liabilities		
Bank overdraft	**4,981**	**-**
Current portion of bank loans	**77,894**	**-**
	82,875	**-**
Total	**329,386**	**205,153**

(i) Loans (excluding overdraft)

	Group 31 December 2019 €'000	Company 31 December 2019 €'000
Secured bank loans	**119,252**	**-**
Unsecured loan notes	**205,153**	**205,153**
Less current portion of secured bank loans	**(77,894)**	**-**
Non-current portion	**246,511**	**205,153**

(ii) Loan notes

On 4 June 2019 the Company issued an unsecured loan note instrument. The loan note instrument was €193,941,579 and is subject to annual compound interest at 10% per annum. In the period to 31 December 2019 the Company has incurred interest of €11,211,000. The interest accrued in the period was capitalised and added to the unsecured loan note balance. The unsecured loan note instrument is primarily subscribed by funds which are managed by the ultimate controlling party of the Company, STAR Capital Partnership LLP (note 30).

The loan notes are repayable on 31 December 2029, if not previously redeemed or repaid as a result of an Asset Sale (defined as a sale of the whole or substantially the whole of the business and assets of the Group), or a change in majority ownership of the Company or ASL, or a listing of the Company shares on a stock exchange, or an offering to the public in any jurisdiction of any Company shares for sale or subscription.

If not previously repaid, the loan note holders and the Company can agree to repay the loans before 31 December 2029.

On 20 December 2019, the loan notes were listed on The International Stock Exchange ("TISE"), a stock exchange registered in Guernsey.

24 Interest-bearing loans and borrowings *(continued)*

(iii) Bank loans (excluding overdraft)

As part of the acquisition of ASL on 4 June 2019 (note 11), the Group assumed loans and borrowings of €123.4 million.

The bank loans are secured over aircraft assets with a net book value of €188.3 million. The loans bear interest at rates between 1.62% and 6.15%.

Included in bank loans are foreign currency loans of which the amounts outstanding at 31 December 2019 were US$61.3 million - equivalent to €54.6 million.

The Group had factoring debt of €22.5 million as at 31 December 2019, which is secured against certain trade receivables of the Group.

In 2020, the Group renegotiated a loan agreement with a bank lender and drew down an additional €17.7m funding. As part of the renegotiation of the loan the Group agreed a loan balloon payment at the end of the loan in June 2024 of €6.7m relating to the new drawdown. The total loan balloon payment relating to this facility and due in June 2024 is €17.3m.

In 2021 the Group has agreed a new bank loan facility of US$125.0m (€101.8m) of which US$86.4m has been drawn down at the date of signing the financial statements.

In 2021 the Group early repaid loan facilities totalling €28.0m.

(iv) Maturity profile

The maturity profile of the borrowings is as follows:

Group	Total €'000	Less than 1 year €'000	1-2 years €'000	2-5 years €'000	+5 years €'000
As at 31 December 2019					
Unsecured loan notes	205,153	-	-	-	205,153
Bank loans	119,252	77,894	24,517	16,841	-
Bank overdraft	4,981	4,981	-	-	-
Total	**329,386**	**82,875**	**24,517**	**16,841**	**205,153**

Company	Total €'000	Less than 1 year €'000	1-2 years €'000	2-5 years €'000	+5 years €'000
As at 31 December 2019					
Unsecured loan notes	205,153	-	-	-	205,153
Total	**205,153**	**-**	**-**	**-**	**205,153**

Notes *(continued)*

24 Interest-bearing loans and borrowings *(continued)*

(iii) Undrawn borrowing facilities

At 31 December 2019 the Group has an undrawn overdraft facility of €Nil.

(iv) Reconciliation of movement of liabilities to cash flows arising from financing activities

	Liabilities			
	Bank overdraft €'000	Bank loans €'000	Loan notes €'000	Total €'000
Balance at incorporation on 6 December 2018	-	-	-	-
Changes from financing cash flows				
Proceeds from loans and borrowings	-	16,384	193,942	210,326
Repayment of borrowings	-	(15,111)	-	(15,111)
Interest paid	(71)	(3,384)	-	(3,455)
Total changes from financing cash flows	(71)	(2,111)	193,942	191,760
The effect of changes in foreign exchange rates	-	(410)	-	(410)
Other changes				
Acquisition of subsidiary	5,005	118,389	-	123,394
Change in bank overdraft	(24)	-	-	(24)
Interest and guarantee fees charged	71	3,384	11,211	14,666
Total other changes	**5,052**	**121,773**	**11,211**	**138,036**
Balance at 31 December 2019	**4,981**	**119,252**	**205,153**	**329,386**

Movements in lease liabilities are shown separately in note 9.

25 Employee benefits

The Group makes contributions to defined contribution schemes that provide pension benefits for employees upon retirement. The Group also operates an unfunded and funded defined benefit schemes in respect of subsidiary undertakings.

Group	31 December 2019 €'000
Unfunded scheme – liability	8,001
Funded schemes – net liability	4,758
	12,759

(a) Unfunded defined benefit scheme	31 December 2019 €'000
The amounts recognised in the statement of financial position were as follows:	
Present value of unfunded obligations	8,001
Net liability	8,001
Amounts in the statement of financial position	
Liabilities	8,001
Net liability	8,001
Movements in the net liability recognised in the statement of financial position	
Acquired through business combination (note 11)	6,826
Expense recognised in the income statement	255
Actuarial loss recognised in other comprehensive income	920
Net liability at end of period	8,001

25 Employee benefits *(continued)*

(a) Unfunded defined benefit scheme *(continued)*

	31 December 2019 €'000
The amounts recognised in profit or loss are as follows:	
Current service costs	**197**
Interest on obligation	**58**
Total expense – included in 'Employee benefits expense'	**255**
The amounts recognised in other comprehensive income are as follows:	
Actuarial loss recognised in period	**920**
Principal actuarial assumptions at 31 December	
Discount rate	**1.5%**
Future salary increases (including inflation)	**0% + salary scale**
Future pension increases	**0%**
Inflation	**1%**

(b) Funded defined benefit schemes

The amount recognised in the statement of financial position is determined as follows:

	31 December 2019 €'000
Pension obligations	**(26,996)**
Pension plan assets	**22,238**
Net liability	**(4,758)**

25 Employee benefits *(continued)*

(b) Funded defined benefit schemes *(continued)*

The Group operates two funded defined benefit schemes. They are separately administered schemes.

The summary movements in the net liability of the funded defined benefit schemes are as follows:

	ASL Airlines Switzerland €'000	ASL Airlines Belgium €'000	Total €'000
Acquired through business combination (note 11)	(3,647)	(680)	(4,327)
Closing net liability	(3,985)	(773)	(4,758)
Movement	**(338)**	**(93)**	**(431)**

Movements in the net pension liability for the period ended 31 December 2019 are as follows:

	ASL Airlines Switzerland €'000	ASL Airlines Belgium €'000	Total €'000
Periodic pension costs	(252)	(500)	(752)
Return on plan assets	(588)	634	46
Actuarial loss	(156)	(84)	(240)
Other plan movements	658	(143)	515
	(338)	**(93)**	**(431)**

25 Employee benefits *(continued)*

(b) Funded defined benefit schemes *(continued)*

(i) ASL Airlines Switzerland

The following amounts pertaining to this defined benefit plan were recognised in the income statement:

	31 December 2019 €'000
Current service cost	**(269)**
Interest expense	**(88)**
Interest income on plan assets	**74**
Administration costs	**(16)**
Curtailment	**47**
Periodic pension costs	**(252)**

The following effective return on plan assets was realised by the pension fund:

	31 December 2019 €'000
Actual return on plan assets	**(588)**

The following changes were recorded in defined benefit liabilities for this scheme:

	31 December 2019 €'000
Present value of funded obligations acquired through business combination	**(17,540)**
Current service cost	**(269)**
Employee contributions	**(158)**
Interest cost	**(88)**
Benefits paid	**1,333**
Actuarial gain on benefit obligation	**506**
Curtailment	**47**
Translation effects	**(558)**
Present value of funded obligation at period end	**(16,727)**

25 Employee benefits *(continued)*

(b) Funded defined benefit schemes *(continued)*

(i) ASL Airlines Switzerland *(continued)*

The following changes were recorded in the fair value of plan assets:

	31 December 2019 €'000
Fair value of plan assets acquired through business combination	**13,893**
Employer contributions	**159**
Employee contributions	**190**
Interest income on plan assets	**74**
Actuarial loss on plan assets	**(662)**
Benefits paid	**(1,333)**
Administration costs	**(16)**
Translation effects	**437**
Fair value of plan assets at period end	**12,742**

Pension plan assets are comprised as follows:

	31 December 2019
Managed funds	**100%**
Total	**100%**

The principal actuarial assumptions used were as follows:

	31 December 2019
Discount rate	**0.25**%
Future salary increase	**1.0**%
Future pension increase	**0.0**%

Statutory employer's contributions for the year 2020 are estimated at €0.2 million.

25 Employee benefits *(continued)*

(b) Funded defined benefit schemes *(continued)*

(ii) ASL Airlines Belgium

The following amounts pertaining to this defined benefit plan were recognised in the income statement:

	31 December 2019 €'000
Current service cost	(495)
Interest expense	(106)
Interest income on plan assets	101
Periodic pension costs	**(500)**

The following effective return on plan assets was realised by the pension fund:

	31 December 2019 €'000
Actual return on plan assets	**634**

The following changes were recorded in defined benefit liabilities for this scheme:

	31 December 2019 €'000
Present value of funded obligations acquired through business combination	(9,313)
Current service cost	(495)
Interest cost	(106)
Benefits paid	262
Actuarial loss on benefit obligation	(617)
Present value of funded obligation at period end	**(10,269)**

25 Employee benefits *(continued)*

(b) Funded defined benefit schemes *(continued)*

(ii) ASL Airlines Belgium *(continued)*

The following changes were recorded in the fair value of plan assets:

	31 December 2019 €'000
Fair value of plan assets acquired through business combination	**8,633**
Employer contributions	**491**
Interest income on plan assets	**101**
Actuarial gain on plan assets	**533**
Benefits paid	**(262)**
Fair value of plan assets at period end	**9,496**

Pension plan assets are comprised as follows:

	31 December 2019
Bonds	**100%**
Total	**100%**

The principal actuarial assumptions used were as follows:

	31 December 2019
Discount rate	**1.3**%
Future salary increase	**1.7**%
Future pension increase	**0.5**%

Statutory employer's contributions for the year 2020 are estimated at €0.8 million.

26 Provisions

	31 December 2019 €'000
Group	
Non-current portion	**17,840**
Current portion	**14,633**
	32,473
Aircraft maintenance	**31,475**
Claims and other	**998**
	32,473
Movements during the period	
Aircraft maintenance	
At beginning of period	**-**
Acquired through business combination	**28,965**
Additional provisions in the period	**3,480**
Utilisations and releases in the period	**(1,260)**
Foreign currency translation differences	**290**
At end of the period	**31,475**
Claims and other	
At beginning of period	**-**
Acquired through acquisition	**1,093**
Additional provisions in the period	**277**
Utilisations and releases in the period	**(375)**
Foreign currency translation differences	**3**
At end of the period	**998**
Total provisions	**32,473**

Claims relate to certain disputes with former employees that are pending.

Notes *(continued)*

27 Deferred tax assets and liabilities

	Group 31 December 2019 €'000	Company 31 December 2019 €'000
Deferred tax assets	**8,308**	**-**
Deferred tax liabilities	**(32,760)**	**-**
Net	**(24,452)**	**-**

Deferred tax assets and liabilities are attributable to the following:

	31 December 2019 Assets €'000	31 December 2019 Liabilities €'000	31 December 2019 Net €'000
Group			
Property, plant and equipment	**2,019**	**(31,461)**	**(29,442)**
Employee benefits	**29**	**(564)**	**(535)**
Unused tax losses	**6,260**	**-**	**6,260**
Other	**-**	**(735)**	**(735)**
	8,308	**(32,760)**	**(24,452)**

Movement in temporary differences during the period

Group	Balance at 6 December 2018 €'000	Recognised in total comprehensive income €'000	Acquired in business combination (note 11) €'000	Foreign exchange movement €'000	Balance at 31 December 2019 €'000
Property, plant and equipment	**-**	**1,558**	**(31,365)**	**365**	**(29,442)**
Employee benefits	**-**	**17**	**(552)**	**-**	**(535)**
Unused tax losses	**-**	**44**	**6,216**	**-**	**6,260**
Other	**-**	**(757)**	**22**	**-**	**(735)**
	-	**862**	**(25,679)**	**365**	**(24,452)**

The deferred tax credit recognised in total comprehensive income of €862,000 includes a credit of €497,000 to profit or loss, and a credit of €365,000 in other comprehensive income (see note 7).

The deferred tax asset relating to unused tax losses is principally comprised of France €0.9m, Switzerland €1.6m, Ireland €2.8m and others €1.0m. The Group believe future profits will be available for offset against these losses.

The Group has not recognised deferred tax assets of €1,451,000 relating to unused tax losses as the Group does not currently consider it is probable that future taxable profit will be available to utilise those particular losses. Of this total, €1,401,000 relates to an unrecognised deferred tax asset in the Company.

28 Trade and other payables

	Group 31 December 2019 €'000	Company 31 December 2019 €'000
Amounts due to joint ventures (note 30)	**7,403**	-
Trade payables	**106,355**	-
VAT payable	**4,769**	-
Accruals and other payables	**59,307**	-
Contract liabilities	**19,710**	-
Advance deposits received	**33,122**	-
Derivatives	**2**	-
Contingent consideration in relation to business combination (note 11)	**32,274**	
	262,942	-
Current	**200,802**	-
Non-current	**62,140**	-
	262,942	-

The Group classifies amounts received from customers for future flights as contract liabilities.

Advance deposits received relates to amounts received from customers in relation to contributions for aircraft maintenance, less amounts drawn by customers to fund such maintenance expenditure.

The Group has recognised contingent consideration due to the previous shareholders of ASL of €32,274,000 as at 31 December 2019. The amount has been classified as non-current as the amount is due on any future date of disposal of Safair Operations (Pty) Limited. The contingent consideration has decreased by €4,406,000 from €36,680,000 at the date of acquisition (note 11) due to the subsequent performance of Safair Operations (Pty) Limited. The contingent consideration is measured at fair value based on the applicable contractual terms that determine the portion of the estimated price achievable in the event of a disposal of Safair Operations (Pty) Limited that would be payable to the previous shareholders.

Non current trade and other payables principally includes contingent consideration in relation to the business combination and advance deposits received in which the event is not due for a period of at least 12 months after 31 December 2019.

29 Financial instruments – market and other risks

In the course of its normal business the Group is exposed to credit, liquidity, interest rate and currency risks.

Credit risk

The Group performs counterparty credit evaluations on an ongoing basis.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

29 Financial instruments – market and other risks *(continued)*

Credit risk *(continued)*

	31 December 2019 €'000
The ageing of trade receivables is as follows:	
Not past due	**59,947**
Past due 0-30 days	**32,218**
Past due 31-365 days	**41,037**
Past due > 1 year	**295**
	133,497

At 31 December 2019 the Group has provisions of €10.7 million for expected credit losses against trade and other receivables.

Liquidity risk

Liquidity risk is the risk that the Group may not meet its obligations as they fall due. The Group ensures, as far as possible, that it always has sufficient liquidity to meet its obligations when due under normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The following are the contractual maturities of the financial liabilities, including estimated interest payments:

	Bank loans and overdraft 31 December 2019 €'000	Loan notes 31 December 2019 €'000	Lease liabilities 31 December 2019 €'000	Trade and other payables 31 December 2019 €'000	Other financial liabilities 31 December 2019 €'000	Total 31 December 2019 €'000
Group						
Less than one year	**87,847**	**-**	**99,954**	**200,802**	**-**	**388,603**
Between 1 and 5 years	**47,041**	**-**	**201,770**	**29,866**	**-**	**278,677**
More than 5 years	**-**	**544,331**	**19,951**	**32,274**	**1,367**	**597,923**
	134,888	**544,331**	**321,675**	**262,942**	**1,367**	**1,265,203**

For the purposes of the above table it has been assumed that the loan notes (note 24) will not be redeemed prior to 31 December 2029 and the contingent consideration (note 28) will not be payable within five years of the balance sheet date. The actual timing of loan note repayments and contingent consideration payments is not known at this stage.

Company

The only financial liabilities of the Company are the loan notes, and the details of the contractual maturities of the loan notes are disclosed in the above Group table.

29 Financial instruments – market and other risks *(continued)*

Interest rate risk

At the reporting date the interest rate profile of the Group's interest-bearing borrowings was:

	31 December 2019 €'000
Fixed rate instruments	**234,361**
Variable rate instruments	**95,025**
	329,386

The Group has entered into interest rate swaps on €14.7 million of variable rate loans at 31 December 2019.

Cashflow sensitivity analysis for variable rate instruments

A 50 basis point movement in the interest rates would have (decreased)/increased equity and loss by the amount shown below. This analysis assumes that all other variables remain constant.

31 December 2019 + 50 basis points €'000	**31 December 2019 - 50 basis points €'000**
(275)	**275**

Currency risk

The Group is exposed to currency risk since a number of its aircraft related activities are denominated in US dollar which is the base currency worldwide for aircraft leasing, aircraft values and maintenance activity.

The Group is exposed to movements in Swiss Franc through the subsidiary ASL Airlines Switzerland, and to movements in South African Rand through Safair Operations.

At each reporting date, derivative contracts are remeasured to fair value with any adjustment recognised in net profit or loss for the period or, where hedge accounting is applied, through the cash flow hedge reserve.

For the remainder, the Group's currency risk is, to a large extent, limited to a translation risk and to an exposure on foreign currency cash holdings.

29 Financial instruments – market and other risks *(continued)*

Currency risk *(continued)*

A 10% strengthening of the Euro against the US dollar at 31 December would have decreased the equity and profit by:

	31 December 2019 €'000
Equity	**(16,916)**
Profit	**(452)**

A 10% weakening of the Euro against the US dollar at 31 December 2019 would have had the equal but opposite effect on equity and profit to the amounts shown above, on the basis that all other variables remain constant.

Capital management

The Group is continuously optimising its capital structure (mix between debt and equity). The main objective is to maximise shareholder value while keeping the desired financial flexibility to execute strategic projects.

29 Financial instruments – market and other risks *(continued)*

Fair values versus carrying amounts

The following tables show the carrying amount of Group financial assets and liabilities including their values in the fair value hierarchy. The tables do not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Carried at fair value 31 December 2019 €'000	Assets at amortised cost 31 December 2019 €'000	Liabilities at amortised cost 31 December 2019 €'000	Carrying amount 31 December 2019 €'000	Fair value Level 1 31 December 2019 €'000	Fair value Level 2 31 December 2019 €'000	Fair value Level 3 31 December 2019 €'000
Derivatives – forward exchange contracts	(2)	-	-	(2)		(2)	
Derivatives – interest rate swaps	147	-	-	147		147	
Trade and other receivables (excluding derivatives)	-	233,427	-	233,427			
Cash and cash equivalents	-	101,204	-	101,204			
Call option	2,874	-	-	2,874			2,874
Bank overdraft	-	-	(4,981)	(4,981)			
Secured bank loans – fixed rate	-	-	(29,208)	(29,208)		(29,090)	
Secured bank loans – variable rate	-	-	(90,044)	(90,044)			
Trade and other payables (excluding derivatives and contingent consideration)	-	-	(230,666)	(230,666)			
Contingent consideration for business combination	(32,274)	-	-	(32,274)			(32,274)
Put option	(573)	-	-	(573)			(573)
Lease liabilities	-	-	(294,233)	(294,233)			
Unsecured loan notes - fixed rate	-	-	(205,153)	(205,153)		(205,153)	
	(29,828)	334,631	(854,285)	(549,482)			

Notes *(continued)*

29 Financial instruments – market and other risks *(continued)*

Valuation techniques and significant unobservable inputs

The following tables shows the valuation techniques used in measuring level 3 fair values for financial instruments in the statement of financial position, as well as the significant unobservable inputs used.

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between unobservable inputs and fair value measurement
Contingent consideration	The valuation model is based on market multiples derived from quoted prices and companies comparable to the investee, adjusted for the effect of the control and size characteristics and the EBITDA of the relevant subsidiary (note 11). The estimate is adjusted for the net debt of the subsidiary.	Adjusted market multiples 3.9 - 4.6	The estimated fair value would increase/(decrease) if the adjusted market multiple were higher/(lower)
Call option	The fair value is calculated based on a formula per the shareholders agreement between the Group and the non-controlling shareholder. The fair value is determined as the difference between the share of net assets value attributable to the non - controlling interests and the exercise price to acquire the non-controlling interests shareholding based on a value as if the option was exercised at 31 December 2019. The actual exercise price will be determined at the exercise date.	Not applicable	Not applicable
Put option	The fair value is calculated based on a formula per the shareholders agreement between the Group and the non-controlling shareholder. The put option can only be exercised after 30 June 2026. The put option liability is calculated as the present value of the estimated exercise price payable. The exercise price is based on the difference between the share of net assets value attributable to the non-controlling interests and an estimated notional debt based on the terms of the agreement. This is discounted to present value using ASL Group weighted average cost of capital (“WACC”). The attributable share of net assets at 31 December 2019 is used as an estimate of the attributable share at an exercise date of 30 June 2026.	Discount rate 13.1%	The estimated fair value would increase/(decrease) if the discount rate were lower/(higher)

29 Financial instruments – market and other risks *(continued)*

Estimation of fair values

The fair values of interest rate swaps are based on information provided by the financial institution with whom the contracts have been arranged.

For fixed rate bank loans the fair value is calculated based on the present value of the expected future principal and interest cash flows discounted at market rates of interest at the reporting date.

The fair value of the unsecured loan notes is determined by using valuation techniques, primarily earnings multiples and recent comparable transactions by the ultimate controlling party. The model used to determine fair value is validated and reviewed annually by the Group. The model uses observable data, to the extent practicable, and unobservable data, which carries a degree of judgement and estimates. Changes in factors about these assumptions could affect the disclosed fair value of the unsecured loan notes.

Cash flow hedges

The following table indicates the periods in which the cash flows associated with cash flow hedging instruments are expected to occur and are expected to affect profit or loss:

	Carrying amount 31 December 2019 €'000	Expected amount 31 December 2019 €'000	1 year or less 31 December 2019 €'000	2 to 5 years 31 December 2019 €'000
Forward exchange contracts:				
Assets	-	-	-	-
Liabilities	(2)	(2)	(2)	-
	(2)	(2)	(2)	-
Interest rate swaps:				
Assets	147	147	-	147
Liabilities	-	-	-	-
	147	147	-	147

30 Related parties

Identity of related parties

The Group has related party relationships with its shareholders, directors and joint venture undertakings. The Company also has related party relationships with its subsidiaries.

The ultimate controlling party of the Company is STAR Capital Partnership LLP, a limited liability partnership registered in England and Wales, which is the manager of STAR Strategic Assets III LP, STAR Strategic Assets III-A LP, STAR III Executive Co-Investment Partnership LP, STAR Throne Co-Investment LP and STAR III Fund (collectively “STAR Funds”).

(a) Transactions with directors and key management personnel

Key management personnel are those persons who have the authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly.

Key management personnel include directors of the Company and the other members of Group senior management with authority and responsibility for planning, directing and controlling the activities of the Group.

There were no fees or other emoluments paid or payable by the Company to the directors of the Company during the period.

Key management personnel compensation comprised the following:	**2019** **€’000**
Short-term employee benefits	**4,613**
Post-employment benefits	**331**
Loan note interest (note 30 (c))	**57**
	5,001

(b) Transactions with joint ventures

The Group had related party transactions with its joint venture undertakings (see note 13) as follows:

	Receivable/ (payable) balance at 31 December 2019 €’000	**Income/ (charge) in the period ended 31 December 2019 €’000**
X-Air Services S.A.	**(7,403)**	**(15,254)**
K-Mile Air Company Ltd	**370**	**3,515**
	(7,033)	**(11,739)**

These relate to trading transactions in the normal course of business, principally from leasing of aircraft on normal commercial terms and maintenance services provided.

30 Related parties *(continued)*

(c) Transactions with other related parties

Unsecured loan notes (note 24)	**Payable balance at 31 December 2019 €'000**	**Interest charge in the period ended 31 December 2019 €'000**
STAR Strategic Assets III LP	**(77,814)**	**(4,252)**
STAR Strategic Assets III-A LP	**(60,529)**	**(3,308)**
STAR III Executive Co Investment Partnership LP	**(2,767)**	**(151)**
Total STAR III Fund	**(141,110)**	**(7,711)**
STAR Throne Co Investment LP	**(62,997)**	**(3,443)**
Transactions with STAR Funds managed by ultimate controlling party STAR Capital Partnership LLP	**(204,107)**	**(11,154)**
Loan notes owed to key management personnel	**(1,046)**	**(57)**
Total	**(205,153)**	**(11,211)**

Company

Details of transactions with related undertakings are outlined below:

Name of related party	**Nature of transaction**	**Income in the period 31 December 2019 €'000**	**Receivable balance at 31 December 2019 €'000**
STAR Throne Bidco DAC (subsidiary undertaking)	Interest-free loan receivable	**-**	**193,987**
			193,987

The interest-free loan was issued by the Company to finance the acquisition of ASL Aviation Holdings by STAR Throne Bidco DAC. This loan receivable is repayable on demand and given the nature of the use of funds by the counterparty the Company has no current intention to demand repayment within 12 months of the date of approval of these financial statements.

Based on the financial positions of the counterparty and the underlying group companies no significant credit losses are expected and, as a result, no expected credit loss provision has been recognised.

31 Operating leases

As lessee

In accordance with IFRS 16 all leases are recognised on the statement of financial position as right of use assets and lease liabilities (see note 9).

As lessor

Aircraft leasing rights

The Group leases out certain aircraft to third parties under operating leases.

The future minimum operating lease payments that are receivable under non-cancellable leases are as follows:

	Group 31 December 2019 €'000	Company 31 December 2019 €'000
Less than one year	**5,766**	**-**
Between 1 and 5 years	**4,500**	**-**
More than 5 years	**-**	**-**
	10,266	**-**

32 Other commitments

	Group 31 December 2019 €'000	Company 31 December 2019 €'000
Capital commitments	**2,011**	**-**

Capital commitments principally relate to aircraft acquisitions which have been agreed before period end and software development expenditure.

33 Major exchange rates

The following major exchange rates have been used in preparing the consolidated financial statements:

	Closing rate 31 December 2019	For the period of acquisition 4 June 2019 to 31 December 2019	Date of acquisition 4 June 2019
US Dollar	**1.1234**	**1.1106**	**1.1151**
British Pound	**0.8508**	**0.8864**	**0.8869**
South African Rand	**15.7773**	**16.3983**	**16.3834**
Swiss Franc	**1.0854**	**1.1017**	**1.1214**
Hungarian Forint	**330.53**	**328.95**	**324.34**

34 Subsequent events

On 31 January 2020 the World Health Organisation (WHO) announced Coronavirus COVID-19 (“COVID-19”) as a global health emergency and on 11 March 2020 declared it to be a pandemic in recognition of its rapid spread over the globe.

The economic consequences of the pandemic are unprecedented with material decreases in GDP in most of the developed economies of the world for 2020 compared with 2019. In response to the pandemic most countries placed very strict prohibitions on the movement of citizens that, as a result, almost closed down global airline passenger travel.

COVID-19 had a material adverse impact on the Group’s business in 2020 and into 2021. The Group’s airline passenger businesses in South Africa and France, which account for approximately 30% of the Group’s revenues, both had to be effectively closed for certain periods due to the pandemic. The adverse impact of this closure was partially offset by the fact that the Group’s cargo operations have continued to trade strongly. Based on unaudited management accounts, the Group incurred a loss after tax of €29.6m for the year ended 31 December 2020.

The Group began 2020 with cash and cash equivalents of €101.2m including restricted cash of €25.2m and began 2021 with cash of €133.9m including restricted cash of €18.7m. This is testament to the working capital management of the Group and its airlines.

The Group undertook a number of measures to further enhance its cash reserves including:

- Negotiation of revised, increased facilities with its lenders including a modified suite of covenants.
- Further cost reduction and deferral measures.

Based on its current cash resources, prudent cashflow forecasts and the mitigating actions the Group can take to manage cashflows, the directors believe that the Group has sufficient cash resources to trade for a period of at least twelve months from the date of approval of these financial statements. The directors believe that uncertainty in relation to the ongoing impact of COVID-19 at the date of approval of the financial statements does not represent a material uncertainty that may cast significant doubt on the ability of the Group to continue as a going concern. For this reason, the directors have continued to adopt the going concern basis in preparing these financial statements.

In 2020, the Group renegotiated a loan agreement with a borrower and drew down an additional €17.7m funding. As part of the renegotiation of the loan the Group agreed a loan balloon payment at the end of the loan in June 2024 of €6.7m relating to the new drawdown. The total loan balloon payment relating to this facility and due in June 2024 is €17.3m.

In 2021 the Group has agreed a new loan facility of US$125.0m (€101.8m) of which US$86.4m has been drawn down at the date of signing the financial statements.

In 2021 the Group early repaid loan facilities totalling €28.0m.

There were no other events subsequent to the period-end that require adjustment to the financial statements or the inclusion of a note thereto.

35 Company result for the period

A separate company income statement is not presented in these financial statements as the Company has availed of the exemption provided by Section 304 of the Companies Act 2014. The Company recorded a loss of €11,211,000 for the period to 31 December 2019.

36 Approval of financial statements

The board of directors approved these financial statements on 28 October 2021.